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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **Xinte Energy Co., Ltd.** you should at once hand this circular and the accompanying form of proxy and reply slip to the purchaser or transferee, licensed securities dealer or registered institution in securities 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)

**CONTINUING CONNECTED TRANSACTIONS
PRODUCTS SALES FRAMEWORK AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



A letter from the Board is set out on pages 5 to 16 of this circular. A letter from the Independent Financial Adviser, Sorrento Capital Limited containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 31 of this circular and a letter from the Independent Board Committee is set out on page 17 of this circular.

The notice dated 23 September 2019 convening the EGM to be held at the Conference Room, 21st Floor of TBEA Co., Ltd. at No.189, South Beijing Road, Changji, Xinjiang, the PRC at 11:00 a.m. on Friday, 8 November 2019, is set out on pages 41 to 42 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 11:00 a.m. on Thursday, 7 November 2019) 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.

If you intend to attend the EGM in person or by proxy, you are required to complete and return the accompanying reply slip to (for holders of H Shares) Computershare Hong Kong Investor Services Limited or to (for holders of Domestic Shares) the Company's board secretary office, such that the reply slip shall be received by the Company 20 days before the EGM (i.e. on or before Saturday, 19 October 2019).

15 October 2019

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DEFINITIONS

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

“Aggregated Transactions”	the transactions contemplated under the Products Sales Framework Agreement, aggregated with the Previous Transactions
“Articles of Association”	the articles of association adopted by the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Capital Injection”	the capital injection made by TBEA to subscribe for the non-public issuance of shares of Xinjiang Joinworld completed on 5 July 2019
“Coal Procurement Framework Agreement (Type 2)”	the coal procurement framework agreement entered into between the Company and TBEA on 15 December 2017
“Company”	Xinte Energy Co., Ltd. (新特能源股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
“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
“Director(s)”	director(s) of the Company
“Domestic Shares”	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB

DEFINITIONS

“Effective Date”	the date on which the transactions under the Products Sales Framework Agreement are approved by the Independent Shareholders
“EGM”	the second extraordinary general meeting of 2019 to be held by the Company at the Conference Room, 21st Floor of TBEA Co., Ltd. at No.189, South Beijing Road, Changji, Xinjiang, the PRC on Friday, 8 November 2019 at 11:00 a.m. to consider and, if thought fit, approve, among other things, the continuing connected transactions in relation to the Products Sales Framework Agreement
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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”	an independent board committee of the Board comprising all independent non-executive Directors, which was formed to advise the Independent Shareholders on the Products Sales Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps)
“Independent Financial Adviser” or “Sorrento Capital”	Sorrento Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Products Sales Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps)
“Independent Shareholders”	Shareholders other than TBEA and its associates

DEFINITIONS

“Latest Practicable Date”	10 October 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Miscellaneous Services Framework Agreement (Type 4)”	the miscellaneous services framework agreement entered into between the Company and TBEA on 15 December 2017
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this circular
“Previous Transactions”	transactions contemplated under the Product Procurement Framework Agreement (Type 1), Coal Procurement Framework Agreement (Type 2) and Miscellaneous Services Framework Agreement (Type 4)
“Product Procurement Framework Agreement (Type 1)”	the product procurement framework agreement entered into between the Company and TBEA on 15 December 2017
“Products Sales Framework Agreement”	the products sales framework agreement entered into between the Company and TBEA on 12 September 2019
“Proposed Annual Caps”	the maximum aggregate annual amount payable by TBEA Group to the Group under the Products Sales Framework Agreement
“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)”	Domestic Shares and H Shares of the Company
“Shareholder(s)”	holder(s) of the Shares

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) 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 with limited liability on 26 February 1993, being the controlling shareholder of the Company as at the date of this circular
“TBEA Group”	TBEA and its subsidiaries and 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), a 30%-controlled company of TBEA as at the date of this circular
“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“%”	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

Ms. Guo Junxiang

Mr. Wang Shi

Independent Non-executive Directors:

Mr. Qin Haiyan

Mr. Yang Deren

Mr. Wong, Yui Keung Marcellus

Registered office:

No. 2499, Mianguangdong Street

Ganquanpu Economic and

Technological Development Zone

(Industrial Park)

Urumqi, Xinjiang, the PRC

Headquarters and

principal place of business in the PRC:

No. 2499, Mianguangdong Street

Ganquanpu Economic and

Technological Development Zone

(Industrial Park)

Urumqi, Xinjiang, the PRC

Principal place of business in Hong Kong:

40th Floor, Sunlight Tower

No. 248 Queen's Road East

Wanchai, Hong Kong

15 October 2019

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
PRODUCTS SALES FRAMEWORK AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to (i) the announcement of the Company dated 12 September 2019 in relation to the Products Sales Framework Agreement; and (ii) the notice of the EGM dated 23 September 2019.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with relevant information to enable you to make informed decision on whether to vote for or against the resolution to be proposed at the EGM, by way of ordinary resolution:

- (i) the information of continuing connected transactions with TBEA Group contemplated under the Products Sales Framework Agreement;
- (ii) the letter from Sorrento Capital containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Products Sales Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps);
- (iii) the recommendation of the Independent Board Committee to the Independent Shareholders; and
- (iv) the notice convening the EGM for considering and, if thought fit, approving the Products Sales Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

A. PRODUCT SALES FRAMEWORK AGREEMENT

BACKGROUND

References are made to the announcements of the Company dated 15 December 2017, 1 March 2018 and 27 March 2019 and the circulars of the Company dated 27 March 2018 and 5 June 2019, in relation to, amongst other things, the continuing connected transactions between TBEA and the Company in relation to the procurement of transformers (including ancillary equipment), wires, cables and other equipments; coal; and miscellaneous construction services by the Group from TBEA Group.

On 5 July 2019, TBEA subscribed for the shares of Xinjiang Joinworld through Xinjiang Joinworld's non-public issuance of shares, and Xinjiang Joinworld has become a 30%-controlled company of TBEA and connected person of the Company. Before Xinjiang Joinworld became a connected person of the Company, the Group had been selling products to Xinjiang Joinworld. As Xinjiang Joinworld has become a connected person of the Company, the Board announced that on 12 September 2019, the Company entered into the Products Sales Framework Agreement with TBEA in relation to the sales of the Group's products including industrial raw materials (i.e. silicon metal and liquid alkali) and industrial water to TBEA Group, for a period from the Effective Date up to 31 December 2020.

LETTER FROM THE BOARD

The principal terms of the Products Sales Framework Agreement are summarized as follows:

- Parties: TBEA, as the purchaser; and
the Company, as the seller
- Date: 12 September 2019
- Transaction type: Sales of the Group's products, including industrial raw materials namely silicon metal and liquid alkali, and industrial water to TBEA Group.

The relevant subsidiaries and/or associates of the two 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 general commercial terms provided in the Products Sales Framework Agreement.

The product sales amount receivable by the Group from TBEA Group for 2019 and 2020 shall not exceed RMB60 million and RMB100 million (tax exclusive) respectively.

Term: From the Effective Date up to 31 December 2020

- Pricing policies:
- (i) Prices of industrial raw materials namely silicon metal and liquid alkali are determined by taking into account the quantity and quality of the comparable orders, and with reference to prices of the same or similar products provided by the Group to independent third party customers;
 - (ii) Where there are no comparable orders described in pricing policy (i), prices are determined in accordance to the equivalent prevailing market prices of the same or similar products and the relevant quotes are obtained from the industry websites. Prices of silicon metal are determined in accordance to the equivalent price stated on China Ferroally Online* (中國鐵合金在線); whilst prices of liquid alkali are determined in accordance to the equivalent price stated on Zhuo Chuang Information* (卓創資訊); and
 - (iii) For industrial water and if the aforesaid pricing policies are not applicable to industry raw materials, prices are determined according to the cost plus method, i.e. *tax-inclusive price = cost (1 + cost profit rate) (1 + applicable VAT rate)*, the cost profit rate is determined based on the average gross profit margin of the Group in the past five years.

LETTER FROM THE BOARD

The Company took into account the average gross profit margin of the Group while determining the price to be charged for industrial water and industrial raw materials (if applicable) as it represents the mean of the profitability of various segments of the Group throughout a certain period; and is able to accurately reflect and be in line with the Group's overall profitability. Hence the cost plus method used to determine the sales price of the products is on normal commercial terms and no less favourable to the Company. As at the Latest Practicable Date, the average gross profit margin of the Group for the past five years is approximately 19.0%.

Proposed Annual Caps:

Unit: RMB

**Proposed Annual Caps for the
year ending 31 December**

	2019	2020
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Product sales amount received by the Group from TBEA Group (tax exclusive)	60,000,000	100,000,000
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Basis for determining
the caps:

In determining the Proposed Annual Caps, the Board has considered, among others, the following main factors: (1) the historical amount paid by TBEA Group for the industrial raw materials sold by the Group; (2) historical price of the industrial raw materials; and (3) the increasing demands of TBEA Group for the product provided by the Group which are required for TBEA Group's daily operations.

The increase of Proposed Annual Caps as compared to the historical transaction amount is due to, among other things, the following factors:

- (1) the Group has been supplying industrial water to TBEA Group since June 2019 after the Group obtained the confirmation from the only authorized water supply company in Urumqi Ganquanpu economic development zone to supply industrial water to Xinjiang Joinworld. Therefore, the historical transaction amount does not include the sales amount of industrial water. The sales amount in relation to industrial water supplied by the Group to TBEA Group will be no more than RMB17,000,000 and RMB28,000,000 for the years ending 31 December 2019 and 2020 respectively; and

LETTER FROM THE BOARD

- (2) TBEA Group recently built high-voltage performance etched foil projects with annual production capacity of 15 million square metres, which has entered the commissioning production stage in June 2019; and it also completed the set-up of 20 new rapid production lines in 2019 and expects to increase its production capacity for finished goods. Hence it is expected that the demands for industrial raw materials from TBEA Group will increase due to an increase of its scale of operation. Based on the projections of Xinjiang Joinworld's demands, it is expected that its demand from the Effective Date to 31 December 2019 will be approximately 100% higher than that of 2018; and the demand for 2020 will be approximately 90% higher than that of 2019.

Furthermore, due to the close proximity between the Group and Xinjiang Joinworld's production sites, as compared to Xinjiang Joinworld's other suppliers, it would be more easier for Xinjiang Joinworld to control their inventory level; and the time and cost for the delivery of the products sold under the Product Sales Framework Agreement could also be decreased if it purchases from the Group.

Historical transaction amount:

The historical transaction amount for the sales of products from the Group to TBEA Group for the years ended 31 December 2016, 2017 and 2018 and the eight months ended 31 August 2019 are as follows:

Historical transaction amount (tax exclusive) for the product sales received by the Group from:-	<i>Unit: RMB</i>				
	For the year ended 31 December 2016	For the year ended 31 December 2017	For the year ended 31 December 2018	For the six months ended 30 June 2019	For the period from 1 July 2019 to 31 August 2019
TBEA Group	504,274	1,220,513	1,878,166	456,378	—
Xinjiang Joinworld	7,440,409	20,399,393	19,039,901	6,026,808	3,518,639
Total*	7,944,683	21,619,905	20,918,067	6,483,186	3,518,639

* As if the Capital Injection has been completed on 1 January 2016.

LETTER FROM THE BOARD

For the avoidance of doubt, as at the Latest Practicable Date, the continuing connected transactions between the Group and TBEA Group in relation to the sales of products from the Group to TBEA Group (including the products sold to Xinjiang Joinworld after 5 July 2019) constitute de minimis continuing connected transactions of the Company under Rule 14A.76(1) of the Listing Rules, while the transactions between Xinjiang Joinworld and the Group before 5 July 2019 do not constitute continuing connected transactions of the Company. Hence they are not subject to any disclosure requirements under the Listing Rules.

INTERNAL CONTROL

The Company has formulated certain measures and policies, including connected transactions management policies and management measures to ensure that all connected transactions of the Company are properly controlled and monitored. Such internal review measures are conducted and supervised by various units of the Company:

- the Company has adopted a transaction management system on connected transactions. Business departments are required to conduct updates on each agreement for the continuing connected transactions, and provide weekly reports to the secretary of the Board in respect of the execution status of such connected transactions. The secretary of the Board will then inform the Board of any important information thereof;
- the audit committee of the Board is also responsible for the data collection and monitoring of connected transactions, and conducting evaluation on the fairness of the transaction and pricing terms. It will discuss with the Company's subsidiaries and business departments to determine the annual caps and execution of the Company's connected transactions. It will also report to the Board and the board of supervisors on the Group's connected transactions on a 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;
- the Company provides training to its employees in relation to the review and decision-making processes and information disclosure requirements of connected transactions, and further promotes awareness among the relevant business departments in the corresponding compliance requirements;
- all individual 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 BOARD

- the Company controls the actual transaction amount of the continuing connected transactions, which focuses on the individual amount of each type of continuing connected transactions; and
- the secretary of the Board collects data of the continuing connected transactions at the beginning of each month and verifies the aggregate amount of the continuing connected transactions of the preceding month with the finance officers of the relevant connected person.

REASONS AND BENEFITS FOR THE TRANSACTIONS

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 Group has considerable bargaining power and is able to obtain a procurement price lower than market price. The Group produces liquid alkali and other chemical raw materials for further production of polysilicon products, with an annual production capacity of 35,000 tons of liquid alkali. A portion of the inventory is available for sale after deducting internal consumption. In addition, the Group has built a complete system for raw water treatment, by which the procured raw water is treated for further use in industrial production. The system is capable of treating up to 60,000 cubic meters of raw water per day. After satisfying the internal demand for producing polysilicon, the Group still has residual production capacity.

Sales of the aforementioned products by the Group to TBEA Group help 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 and industrial water, thus generating a certain amount of revenue for the Group.

OPINIONS OF THE DIRECTORS

In view of the above reasons and benefits, the Directors (including the independent non-executive Directors after taking into account the recommendations of the Independent Financial Adviser) believe that, the terms and transactions contemplated under the Products Sales Framework Agreement are fair and reasonable, on normal commercial terms, which are not less favourable than those provided to independent third parties under the prevailing market conditions, and in the interests of the Company and Shareholders as a whole.

LETTER FROM THE BOARD

Since each of Mr. Zhang Xin and Ms. Guo Junxiang is a director of TBEA, they have abstained from voting on the Board resolutions approving the Products Sales Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps). Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Products Sales Framework Agreement.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, TBEA holds approximately 65.43% in aggregate of the total issued share capital of the Company, including 783,921,287 Domestic Shares and 1,223,200 H Shares held through TBEA (Hong Kong) Co., Ltd., and is the controlling shareholder and a connected person of the Company.

On 5 July 2019, TBEA subscribed for shares of Xinjiang Joinworld through Xinjiang Joinworld's non-public issuance of shares. Upon completion of the Capital Injection, TBEA's shareholding in Xinjiang Joinworld increased from 27.22% to 30.85%, and TBEA, being the largest shareholder of Xinjiang Joinworld, will be able to exercise shareholder's rights and voting rights on the nomination of directors to deal with major issues of Xinjiang Joinworld including project development, operation planning and other operational and financial affairs.

TBEA, being the controlling shareholder of the Company is a connected person of the Company. Therefore, Xinjiang Joinworld, as a 30%-controlled company of TBEA, became a connected person of the Company since 5 July 2019 by virtue of being an associate of TBEA. The transactions between the Group and TBEA Group for the sales of products constitute connected transactions of the Company according to Chapter 14A of the Listing Rules.

As disclosed in the announcements of the Company dated 15 December 2017, 1 March 2018 and 27 March 2019 and the circulars of the Company dated 27 March 2018 and 5 June 2019, on 15 December 2017, the Company has entered into (1) the Product Procurement Framework Agreement (Type 1), whereby the Group will procure from TBEA Group transformers (including ancillary equipment), wires, cables and other equipment; (2) the Coal Procurement Framework Agreement (Type 2), whereby TBEA Group will supply coal to the Group; and (3) the Miscellaneous Services Framework Agreement (Type 4), whereby TBEA Group will provide miscellaneous construction services (such as engineering construction, greenification services and installation of water, electricity, heating facilities) to the Group.

As the Products Sales Framework Agreement and the Previous Transactions were both entered into between the Company and TBEA, according to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Products Sales Framework Agreement are required to be aggregated with the Previous Transactions and treated as if one transaction. After aggregation,

LETTER FROM THE BOARD

since at least one of the relevant applicable percentage ratios in respect of the Aggregated Transactions exceeds 5%, the Aggregated Transactions therefore are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the avoidance of doubt, the subject matters under the Products Sales Framework Agreements and the Previous Transactions are not related, the transactions under them are not connected with each other and they are not inter-conditional.

Details of the Products Sales Framework Agreement will be disclosed by the Company in the following annual report(s) and accounts in accordance with the requirements as set out in the Listing Rules.

INFORMATION ON THE PARTIES

1. 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.

2. TBEA

TBEA is a joint stock limited company incorporated in the PRC with limited liability on 26 February 1993. As of the Latest Practicable Date, TBEA is interested in approximately 65.43% in aggregate of the total issued share capital of the Company, being the controlling shareholder of the Company, is a service provider of system solutions for the global energy industry. TBEA and its close associates (excluding the Group) are principally engaged in: (i) the manufacturing and sale of power transformers, reactors, wires, cables and other electrical and mechanical equipment and (ii) domestic and overseas engineering and construction contracting for power transmission projects, water power and thermal power station projects.

LETTER FROM THE BOARD

3. Xinjiang Joinworld

Xinjiang Joinworld is a joint stock limited company incorporated in the PRC with limited liability on 13 February 1996, with a registered capital of RMB1,034,162,440 as at the Latest Practicable Date. It 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 Joinworld completed a non-public issuance of shares on 5 July 2019, resulting in the increase of TBEA's shareholding from 27.22% to 30.85%, hence being a connected person of the Company by virtue of being an associate of TBEA.

B. 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 Products Sales Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps). The members of the Independent Board Committee are Mr. Qin Haiyan, Mr. Yang Deren and Mr. Wong, Yui Keung Marcellus. In this connection, Sorrento Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether (i) the terms of the Products Sales Framework Agreement are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned; and (ii) the transactions contemplated under the Products Sales Framework Agreement 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, 21st Floor of TBEA Co., Ltd. at No. 189, South Beijing Road, Changji, Xinjiang, the PRC on Friday, 8 November 2019 at 11:00 a.m., to consider and, if thought fit, to approve the Products Sales Framework Agreement and the transactions contemplated thereunder. The notice of the EGM was published on 23 September 2019. A form of proxy for use at the EGM is 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 resolution on the entering into of the Products Sales Framework Agreement at the EGM. As at the Latest Practicable Date, TBEA holds approximately 65.43% in aggregate of the total issued share capital of the Company, including 783,921,287 Domestic Shares

LETTER FROM THE BOARD

and 1,223,200 H Shares held through TBEA (Hong Kong) Co., Ltd., and is the controlling shareholder and a connected person of the Company. As such, TBEA and its associates shall abstain from voting in respect of relevant resolution.

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

In order to determine the holders of Shares who are eligible to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 9 October 2019 to Friday, 8 November 2019, both days inclusive, during which no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company after the close of business on Tuesday, 8 October 2019 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 Tuesday, 8 October 2019 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 and for holders of Domestic Shares, the form of proxy should be returned to the Company's Board secretary office in person or by post not less than 24 hours before the time fixed for holding the EGM (i.e. no later than 11:00 a.m. on Thursday, 7 November 2019) or any adjourned meeting thereof.

Shareholders who intend to attend the EGM in person or by proxy shall complete and return the accompanying EGM reply slip to the Company's Board secretary office by hand or by post to No. 399, South Changchun Road, New Downtown, Urumqi Xinjiang, the PRC (for holders of Domestic Shares); or return the EGM reply slip to the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by hand or by post (for holders of H Shares) on or before Saturday, 19 October 2019.

LETTER FROM THE BOARD

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.

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 the votes he/she/its uses in the same manner.

E. RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 17 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 18 to 31 of this circular, considers that the Products Sales Framework Agreement and the transactions contemplated thereunder are in the interests of the Company 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 resolution to be proposed at the EGM to approve the Products Sales Framework Agreement.

F. ADDITIONAL INFORMATION

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

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

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)

15 October 2019

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
PRODUCTS SALES FRAMEWORK AGREEMENT**

We refer to the circular issued by the Company to the Shareholders dated 15 October 2019 (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 Products Sales Framework Agreement and to advise the Independent Shareholders in respect of the Products Sales Framework Agreement. Sorrento 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 Sorrento Capital Limited as set out in their letter of advice, we are of the opinion that (i) entering into the Products Sales Framework Agreement is in the ordinary and usual course of business of the Group; (ii) the terms of the Products Sales Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Products Sales Framework Agreement is 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 resolution approving the Products Sales Framework Agreement at the EGM.

Yours faithfully,

Independent Board Committee

Mr. Qin Haiyan, Mr. Yang Deren and Mr. Wong, Yui Keung Marcellus

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders prepared in respect of the Products Sales Framework Agreement and the Proposed Annual Caps (as defined below) for the purpose of inclusion in this circular.



11/F,
The Wellington,
198 Wellington Street,
Central,
Hong Kong

15 October 2019

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTION PRODUCTS SALES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the sales of the Group's products including industrial raw materials (namely silicon metal and liquid alkali) and industrial water under the Products Sales Framework Agreement together with the proposed annual caps for a period from the Effective Date up to 31 December 2020 (the "**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 15 October 2019 issued to the Shareholders (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular, unless otherwise specified.

References are made to the announcements of the Company dated 15 December 2017, 1 March 2018 and 27 March 2019; and the circulars of the Company dated 27 March 2018 and 5 June 2019, in relation to, amongst other, the continuing connected transactions between TBEA and the Group in relation to the procurement of transformers (including ancillary equipment), wires, cables and other equipments; coal; and miscellaneous construction services by the Group from TBEA. Historically, before Xinjiang Joinworld became a connected person of the Company, the Group has been selling products to Xinjiang Joinworld. On 5 July 2019, TBEA subscribed for the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

shares of Xinjiang Joinworld through Xinjiang Joinworld's non-public issuance of shares. Upon completion of the Capital Injection, TBEA's shareholding in Xinjiang Joinworld increased from 27.22% to 30.85%, and TBEA, being the largest shareholder of Xinjiang Joinworld, will be able to exercise shareholder's rights and voting rights on the nomination of directors to deal with major issues of Xinjiang Joinworld including project development, operation planning and other operational and financial affairs. As Xinjiang Joinworld has become a connected person of the Company, on 12 September 2019, the Company entered into the Products Sales Framework Agreement with TBEA in relation to the sales of the Group's products including industrial raw materials (namely silicon metal and liquid alkali) and industrial water to TBEA Group, for a period from the Effective Date up to 31 December 2020.

IMPLICATION UNDER THE LISTING RULES

As at the Latest Practicable Date, TBEA holds approximately 65.43% in aggregate of the total issued share capital of the Company, including 783,921,287 Domestic Shares and 1,223,200 H Shares held through TBEA (Hong Kong) Co., Ltd., and is the controlling shareholder and a connected person of the Company.

On 5 July 2019, TBEA subscribed for the shares of Xinjiang Joinworld through Xinjiang Joinworld's non-public issuance of shares. Upon completion of the non-public issuance of shares of Xinjiang Joinworld on 5 July 2019, TBEA's shareholding in Xinjiang Joinworld increased from 27.22% to 30.85%, and TBEA, being the largest shareholder of Xinjiang Joinworld, will be able to exercise shareholder's rights and voting rights on the nomination of directors to deal with major issues of Xinjiang Joinworld including project development, operation planning and other operational and financial affairs. TBEA, being the controlling shareholder of the Company is a connected person of the Company. Therefore, Xinjiang Joinworld, as a 30%-controlled company of TBEA, became a connected person of the Company since 5 July 2019 by virtue of being an associate of TBEA. The transactions between the Group and TBEA Group for the sales of products constitute connected transactions of the Company according to Chapter 14A of the Listing Rules.

As stated in the Letter from the Board, as the Products Sales Framework Agreement and the Previous Transactions were both entered into between the Company and TBEA, according to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Products Sales Framework Agreement are required to be aggregated with the Previous Transactions and treated as if one transaction. After aggregation, since at least one of the relevant applicable percentage ratios in respect of the Aggregated Transaction exceeds 5%, the Aggregated Transactions therefore are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the avoidance of doubt, the subject matters under the Products Sales Framework Agreement and the Previous Transactions are not related, the transactions under them are not connected with each other and they are not inter-conditional.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Qin Haiyan, Mr. Yang Deren and Mr. Wong, Yui Keung Marcellus, has been established to advise the Independent Shareholders as to (i) whether the terms of the Products Sales Framework Agreement have been determined on a fair and reasonable basis and entered into on normal commercial term and in the ordinary and usual course of business of the Company and in the interest of the Company and Shareholders as a whole; and (ii) how the Independent Shareholders should vote in favour of the relevant resolutions to approve the Products Sales Framework Agreement together with the Proposed Annual Caps. We, Sorrento Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

We are independent pursuant to Rule 13.84 of the Listings Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Products Sales Framework Agreement and the Proposed Annual Caps. 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 the independence of us.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have considered, among other things, (i) the Products Sales Framework Agreement; (ii) the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”); (iii) the interim report of Xinjiang Joinworld for the six months ended 30 June 2019 (the “**Xinjiang Joinworld 2019 Interim Report**”); (iv) other information as set out in the Circular; and (v) relevant market data and information available from public sources.

We have also relied on all relevant information and representations supplied, and the opinions expressed, by the Directors and/or the management of the Company. We have assumed that all such information and representations contained or referred to in the Circular are true and accurate in all material respects as at the date thereof. The Directors and the management of the Company have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have also confirmed that, having made all reasonable enquiries and to the best of their knowledge, opinions expressed in the Circular have been arrived at after due

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and careful consideration and there are no material facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company, and they have confirmed that no material information have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and/or the management of the Company, TBEA and Xinjiang Joinworld, nor have we conducted an independent investigation into the business, affairs, operations, financial position or future prospects of each of the Group, TBEA, Xinjiang Joinworld and any of their respective subsidiaries and associates.

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 Products Sales Framework Agreement

Information of the Company

As stated in the Letter from the Board, 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.

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Information of TBEA

As stated in the Letter from the Board, TBEA is a joint stock company incorporated in the PRC with limited liability on 26 February 1993. As at the Latest Practicable Date, TBEA is interested in approximately 65.43% in aggregate of the total issued share capital of the Company, being the 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 principally engaged in: (i) the manufacturing and sale of power transformers, reactors, wires, cables and other electrical and mechanical equipment and (ii) domestic and overseas engineering and construction contracting for power transmission projects, water power and thermal power station projects.

Information of Xinjiang Joinworld

As stated in the Letter from the Board, Xinjiang Joinworld is a joint stock company incorporated in the PRC with limited liability on 13 February 1996, with a registered capital of RMB1,034,162,440 as at the Latest Practicable Date. It 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 Joinworld completed a non-public issuance of shares on 5 July 2019, resulting in the increase of TBEA's shareholding from 27.22% to 30.85%, hence being a connected person of the Company by virtue of being an associate of TBEA.

2. Reasons for and benefit for entering the Products Sales Framework Agreement

As stated in the Letter from the Board, sales of the products 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 and industrial water, thus generating a certain amount of revenue for the Group.

As advised by the representative of the Company, the Group has maintained a long-term relationship with TBEA Group being more than 5 years providing industrial raw materials (namely silicon metal and liquid alkali). As further advised by the representative of the Company, the Group produces liquid alkali with its existing production facility and is able to procure silicon metal from their suppliers at a lower-than-market price due to the high volume and stable procurement of silicon metal. The reason the Group procures silicon metal at high volumes and the Group's procurement of silicon metal is relatively stable are due to (i) the large quantity of production of polysilicon by the Group; and (ii) maintenance of the inventory level of silicon

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metal for future production of polysilicon by the Group. It is only after taking into account of the inventory level and the Group's production plan of polysilicon in the future that the Group will sell some silicon metal in inventory to TBEA Group and independent third parties at market prices.

As advised by the representative of the Company, the Group entered into an agreement with a water supply company (the only authorized water supply company for raw water by the government in Urumqi Ganquanpu economic development zone) (the "**Water Supply Company**"), for a term of one year commencing from 1 January 2019 (the "**Water Supply Agreement**"). The Water Supply Agreement is renewable annually. Under the Water Supply Agreement, the Water Supply Company shall supply raw water to the Group and the Group is restricted from reselling industrial water, which is raw water after water treatment (i.e. sterilization or filtration) to any third parties unless the Group obtains any written confirmation from the Water Supply Company. As at the Latest Practicable Date, the only company by which the Group was approved by the Water Supply Company to supply industrial water to is Xinjiang Joinworld. We have reviewed the written confirmation issued by the Water Supply company (the "**Water Supply Approval**"), and noted the same.

Having considered that (i) the long-term business relationship with TBEA Group contributing to a reliable and stable revenue to the Group; (ii) the utilization of residual production capacity and the inventories which were procured at a lower-than-market price; and (iii) no material impact to the continuity and stability of the production and operation of the Group, we are of the view that the Products Sales Framework Agreement have been entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Products Sales Framework Agreement

Please refer to the section headed "Products Sales Framework Agreement" in the Letter from the Board for the details of the terms.

Pricing basis of the Products Sales Framework Agreement

The pricing policy under the Products Sales Framework Agreement are as follows:

- (i) prices of industrial raw materials namely silicon metal and liquid alkali are determined by taking into account the quantity and quality of the comparable orders, and with reference to prices of the same or similar products provided by the Group to independent third party customers;

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- (ii) where there are no comparable orders described in pricing policy (i), prices are determined in accordance to the equivalent prevailing market prices of the same or similar products and the relevant quotes are obtained from the industry websites. Prices of silicon metal are determined in accordance to the equivalent price stated on China Ferroally Online* (中國鐵合金在線); whilst prices of liquid alkali are determined in accordance to the equivalent price stated on Zhuo Chuang Information* (卓創資訊); and
- (iii) for industrial water and if the aforesaid pricing policies are not applicable to industry raw materials, prices are determined according to the cost plus method, i.e. *tax-inclusive price = cost (1 + cost profit rate) (1 + applicable VAT rate)*, the cost profit rate is determined based on the average gross profit margin of the Group in the past five years.

For due diligence purpose, we considered that the continuing connected transactions between the Group and Xinjiang Joinworld were effective since 5 July 2019 (the “**Connected Date**”) as the transactions between the Group and Xinjiang Joinworld before the Connected Date do not constitute continuing connected transaction of the Company. We obtained and reviewed all sales contracts and invoices during the time period from the Connected Date to 31 August 2019 (the “**Review Period**”) as part of our due diligence to compare with other independent third parties. The industrial raw materials (namely silicon metal and liquid alkali) are competitive products with prices open to the market. Therefore, pricing policies (i) and (ii) were and will be adopted for the industrial raw materials (namely silicon metal and liquid alkali) under the Products Sales Framework Agreement. For the sales of industrial water, as Xinjiang Joinworld is the only company by which the Group was approved by the Water Supply Company to supply industrial water to and no industry market price is readily available, therefore pricing policy (iii) was and will be adopted.

As advised by the representative of the Company, there was no transaction for silicon metal between the Group and TBEA Group after the Connected Date for comparison with other transactions between the Group and the independent third party. Thus, we have conducted the below works in relation to the pricing basis of (i) liquid alkali; and (ii) industrial water under the Products Sales Framework Agreement:

- for liquid alkali, we have obtained 2 contracts/invoices between the Group and TBEA Group where the total contracted amount represented 100% of liquid alkali sales to TBEA Group during the Review Period and 3 contracts/invoices between the Company and independent third parties where the total contracted amount represented 100% of liquid alkali sales to independent third parties during the Review Period. We noted that only two out of the 3 contracts/invoices with the independent third parties are under the same sales terms for comparison and the remaining contract/invoice with the

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independent third party is not comparable as delivery costs were included. Thus, we noted that the unit prices of the products sold to TBEA Group was higher than the transaction prices of the products sold to independent third parties under the same sales terms;

- for industrial water, we have obtained 9 contracts/invoices along with the costs breakdown between the Group and TBEA Group where the total contracted amount represented 100% of industrial water sales to TBEA Group during the Review Period. We have reviewed the 2018 Annual Report and noted that the average gross profit margin of the Group for the five years ended 31 December 2018 was approximately 19.0%. By comparing the costs breakdown for the industrial water sales to TBEA Group during the Review Period, we noted that the cost profit rate of industrial water sold to TBEA Group was followed pricing basis (iii), being the cost profit rate was determined based on the average gross profit margin of the Group for the past five years.

Considering that the above work done by us represented 100% of the transactions between the Group and TBEA Group during the Review Period, we consider that the samples obtained were sufficient and representative.

By adopting pricing policies (i) and (ii), the Group can ensure the prices of the industrial raw materials sales to TBEA Group will be equivalent to or higher than those products sales to independent third parties. Where there are no comparable orders and where there is no readily available industry market price, i.e. for the sales of industrial water, pricing policy (iii) provides a safeguard whereas the profit margin will be no less than the recent gross profitability of the Group. In addition, various internal control measures will be put in place within the Group to ensure compliance with the terms under the Products Sales Framework Agreement (as further discussed in the section headed “Internal control measures within the Group” below). Therefore, we consider the terms of the Products Sales Framework Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

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4. Proposed Annual Caps and basis of determination

The below table sets out (i) the historical transaction amount for the sales of products between the Group and TBEA Group for the three years ended 31 December 2018, the six months ended 30 June 2019 and the period from 1 July 2019 to 31 August 2019; and (ii) Proposed Annual Caps in respect of the products sales provided by the Group to TBEA Group under the Products Sales Framework Agreement for the period from the Effective Date up to 31 December 2020:

	Historical amounts			For the six	For the period
	For the year ended 31 December			months ended	from 1 July to
	2016	2017	2018	30 June	31 August
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	2019	2019
				<i>(RMB million)</i>	<i>(RMB million)</i>
Historical amount for the product sales amount received by the Group from TBEA Group (including Xinjiang Joinworld)* (tax exclusive)	7.9	21.6	20.9	6.5	3.5

Note: As if the Capital Injection has been completed on 1 January 2016.

	Proposed Annual Caps	
	For the year ending	
	31 December	
	2019	2020
	<i>(RMB million)</i>	<i>(RMB million)</i>
Product sales amount received by Group from TBEA Group (tax exclusive)	60.0	100.0

As advised by the representative of the Company, the historical sales to TBEA Group (excluding Xinjiang Joinworld) were not recurring in nature and the majority of the historical sales for the three years ended 31 December 2018 were to Xinjiang Joinworld. The sales to Xinjiang Joinworld amounted to over RMB19 million for the year ended 31 December 2018, representing over 90% to the total sales to TBEA Group (as if the Capital Injection has been completed on 1 January 2016) for the year ended 31 December 2018. Therefore, the Proposed Annual Caps was mainly determined by the need of Xinjiang Joinworld as the historical sales to TBEA Group (excluding Xinjiang Joinworld) were relatively small and not recurring in nature.

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As stated in the Letter from the Board, the Proposed Annual Caps was determined mainly after considering (i) the historical amount paid by the TBEA Group for the industrial raw materials and their historical price; (ii) the increasing demands of TBEA Group for the products sold by the Group (excluding industrial water); and (iii) the new demand of TBEA Group for industrial water since June 2019.

(i) Historical amount paid by the TBEA Group for the industrial raw materials (including industrial water) and their historical price

As advised by the representative of the Company, the prices of each of the type of products sold by the Group (excluding the sales of industrial water which only began in June 2019) were stable during the past few years and the Group expects that there will not be any material fluctuation on the prices of each of the type of products (except industrial water) in the next few years. As further advised by the representative of the Company, the Company expects that the price of raw water will remain the same as the price of raw water is set at the standard price among the Urumqi Ganquanpu economic development zone and has increased only two times in the past 10 years. We have obtained (i) the historical prices of each of the type of products sold by the Group (except the industrial water) for each of the two years ended 31 December 2018 and the seven months ended 31 July 2019 and noted that the prices of each of the products sold by the Group (except the industrial water) remain at the same level in recent years without material fluctuation; and (ii) the official announcements of each of the increase in price of raw water over the past 10 years.

(ii) Increasing demands of TBEA Group for the products sold by the Group (excluding industrial water)

As advised by the representative of the Company, Xinjiang Joinworld provided an indicated demand for the products sales (excluding industrial water) from the Effective Date to 31 December 2020 (the “**Indicated Demand**”) and the Indicated Demand was mainly determined by the daily operation demands from Xinjiang Joinworld. The need of the products (excluding industrial water) of TBEA Group from the Effective Date to 31 December 2019 is expected to increase approximately 100% and the need of the products (excluding industrial water) of TBEA Group for the year ending 31 December 2020 is expected to further increase approximately 90% from the need from the Effective Date to 31 December 2019.

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As advised by the representative of Xinjiang Joinworld regarding the Indicated Demand, we understood that the increase in the demand of industrial raw material (excluding industrial water) is primarily due to the increased production capacity of Xinjiang Joinworld catering for their increasing customer demand for aluminum electrolytic capacitors and aluminum related alloy since the second half of 2018. As stated in the Xinjiang Joinworld 2019 Interim Report, Xinjiang Joinworld has invested and constructed high-voltage performance etched foil projects for foil production with an annual production capacity of 15 million square meters. As at the end of June, part of the production lines have entered into the stage of commissioning and ready for daily production. In addition, Xinjiang Joinworld has completed the set-up of 20 new high-voltage performance etched foil production lines during the year of 2019, the production site of which is closer to the Group than to Xinjiang Joinworld's other suppliers.

(iii) New demand of TBEA Group for industrial water

As stated in the Letter from the Board, the sales amount in relation to industrial water supplied by the Group to TBEA Group will be no more than RMB17 million and RMB28 million for the years ending 31 December 2019 and 2020 respectively. As advised by the representative of the Company, the supply of industrial water was a new business between the Company and TBEA Group since June 2019 after the construction of a complete system for raw water treatment of the Group. According to the Water Supply Agreement, the Group is required to provide a water consumption plan during the contracted period under the Water Supply Agreement. Therefore, the Proposed Annual Caps for the industrial water from the Effective Date to 31 December 2020 was determined by the water consumption plan from Xinjiang Joinworld and the price of industrial water per cubic meter.

Based on the water consumption plan from Xinjiang Joinworld, Xinjiang Joinworld expects the daily usage of industrial water will remain constant. However, the expected length of use of industrial water for the year ending 31 December 2019 is around 6 months which is from 5 July 2019 to 31 December 2019 and the expected length of use of industrial water for the year ending 31 December 2020 is around 10 months as there will be around 2 months for annual repair and maintenance of the production facilities of Xinjiang Joinworld.

Taking into account of (i) the stability of the prices of the products; (ii) the expectation of approximately 100% increment and 90% increment of products sales (excluding industrial water) for each of the two years ending 31 December 2020 under the Indicated Demand; (iii) the increased production lines of Xinjiang Joinworld and their customers' need; and (iv) the expected sales amount for industrial water to TBEA Group for each of the two years ending 31 December 2020, we consider that the Proposed Annual Cap is determined based on reasonable estimation and after due and careful consideration.

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Shareholders should note that the Proposed Annual Caps relate to future events and was estimated based on assumptions which may or may not remain valid for the entire period from the Effective Date to 31 December 2020, and they do not represent forecasts of the Products Sales to be provided to TBEA Group under the Products Sales Framework Agreement. Consequently, we express no opinion as to how closely the actual Products Sales to be provided to TBEA Group under the Products Sales Framework Agreement will correspond with the respective Proposed Annual Caps.

5. Internal control measures within the Group

As disclosed in the Letter from the Board, the Company has formulated certain measures and policies, including connected transactions management policies and management measures to ensure that all connected transactions of the Company are properly controlled and monitored. Such internal review measures are conducted and supervised by various units of the Company:

- (i) the Company has adopted a transaction management system on connected transactions. Business departments are required to conduct updates on each agreement for the continuing connected transactions, and provide weekly reports to the secretary of the Board in respect of the execution status of such connected transactions. The secretary of the Board will then inform the Board of any important information thereof;
- (ii) the audit committee of the Board is also responsible for the data collection and monitoring of connected transactions, and conducting evaluation on the fairness of the transaction and pricing terms. It will discuss with the Company's subsidiaries and business departments to determine the annual caps and execution of the Company's connected transactions. It will also report to the Board and the board of supervisors on the Group's connected transactions on a 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;
- (iii) the Company provides training to its employees in relation to the review and decision-making processes and information disclosure requirements of connected transactions, and further promotes awareness among the relevant business departments in the corresponding compliance requirements;
- (iv) all individual 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;

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- (v) the Company controls the actual transaction amount of the continuing connected transactions, which focuses on the individual amount of each type of continuing connected transactions; and
- (vi) the secretary of the Board collects data of the continuing connected transactions at the beginning of each month and verifies the aggregate amount of the continuing connected transactions of the preceding month with the finance officers of the relevant connected person;

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 the first half year of 2019; and (iii) discussing with the representative of the Group in relation to the internal control policy. 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 Products Sales Framework Agreement 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 discussed above, we are of the view that the entering into the Products Sales Framework Agreement is in the ordinary and usual course of business of the Group, the terms of the Products Sales Framework Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and the Proposed Annual Caps are fair and reasonable. Accordingly, we advise the Independent Shareholders, and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the proposed resolutions to be proposed at the EGM to approve the Products Sales Framework Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Sorrento Capital Limited

Aaron Wong
Managing Director

Stanley Chung
Managing Director

Note: Mr. Aaron Wong is a responsible officer of type 6 (advising on corporate finance) regulated activity and has more than six years of experience in corporate finance and investment banking. 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. Both Mr. Wong and Mr. Chung have participated in and completed various advisory transactions.

*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 OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE 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 executive of the Company in the Shares, underlying shares or debentures of the Company 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/ relevant corporation (including associated corporation)	Number/type of shares of the Company/relevant corporation (including associated corporation)	Approximate	Approximate	Long position/ short position
				percentage of shareholdings in the total share capital of the Company/ relevant corporation (including associated corporation) ⁽¹⁾		
Directors						
Mr. Zhang Xin	Interest in a controlled corporation ⁽³⁾	The Company	58,246,308 Domestic Shares	4.85%	6.57%	Long position
	Beneficial owner	TBEA ⁽⁴⁾	406,403 shares	0.01%	N/A	Long position
	Interest in a controlled corporation ⁽⁵⁾	TBEA ⁽⁴⁾	446,982,637 shares	12.02%	N/A	Long position

Name	Nature of Interest	The Company/ relevant corporation (including associated corporation)	Number/type of shares of the Company/relevant corporation (including associated corporation)	Approximate percentage of shareholdings in the total share capital	Approximate percentage of shareholdings in the relevant class of shares of the Company ⁽²⁾	Long position/ short position
				of the Company/ relevant corporation (including associated corporation) ⁽¹⁾		
Mr. Xia Jinjing	Beneficial owner	TBEA ⁽⁴⁾	69,376 shares	0.00%	N/A	Long position
Ms. Guo Junxiang	Beneficial owner	TBEA ⁽⁴⁾	346,880 shares	0.01%	N/A	Long position
Supervisors						
Mr. Han Shu	Beneficial owner	TBEA ⁽⁴⁾	1,058 shares	0.00%	N/A	Long position
Mr. Hu Shujun	Beneficial owner	TBEA ⁽⁴⁾	69,376 shares	0.00%	N/A	Long position
Mr. Ma Junhua	Beneficial owner	TBEA ⁽⁴⁾	111,000 shares	0.00%	N/A	Long position

- The calculation is based on the total number of 3,718,647,789 shares of TBEA and 1,200,000,000 Shares in issue as of the Latest Practicable Date.
- The calculation is based on the total number of 886,524,370 Domestic Shares in issue as of the Latest Practicable Date.
- Mr. Zhang Xin directly holds 40.08% equity interest of Xinjiang Tebian (Group) Co., Ltd. (“**Xinjiang Tebian**”), and as of the Latest Practicable Date, Xinjiang Tebian directly holds 4.85% equity interest of the Company.
- TBEA is the Company’s controlling shareholder and therefore is an “associated corporation” of the Company within the meaning of Part XV of the SFO. As of the Latest Practicable Date, TBEA held 783,921,287 Domestic Shares (approximately 88.43% of the relevant class of shares) and TBEA (HONGKONG) CO., LIMITED, a wholly-owned subsidiary of TBEA, held 1,223,200 H Shares (approximately 0.39% of the relevant class of shares), which accounted for approximately 65.43% of the total issued shares of the Company.
- Mr. Zhang Xin directly holds 40.08% equity interest of Xinjiang Tebian, which directly holds 446,982,637 shares of TBEA.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, and to the best knowledge of the Directors and the chief executive of the Company, the following persons (other than the Directors, supervisor or chief executive of the Company) had interests or short positions in 5% or more in the Shares and 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 required to be recorded in the register of interests in shares and short positions 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 of the Company ⁽¹⁾	Approximate percentage of shareholdings in the total share capital of the Company ⁽¹⁾	Long position/ short position
TBEA	Beneficial Owner	Domestic Shares	783,921,287	88.43%	65.33%	Long position
Xinjiang Tebian	Beneficial Owner	Domestic Shares	58,246,308	6.57%	4.85%	Long position
Mr. Chen Weilin ⁽²⁾	Interest in a controlled corporation	Domestic Shares	58,246,308	6.57%	4.85%	Long position
L.R. Capital Asia Markets Limited ⁽³⁾	Beneficial Owner	H Shares	47,894,956	15.28%	3.99%	Long position
CMIG International Capital Limited	Beneficial Owner	H Shares	43,859,649	13.99%	3.65%	Long position
Keystone Group Ltd. ⁽⁴⁾	Beneficial Owner	H Shares	26,420,400	8.43%	2.20%	Long position
Ms. Ouyang Xinxiang ⁽⁴⁾	Interest in a controlled corporation	H Shares	26,420,400	8.43%	2.20%	Long position
LRC. Belt and Road Investment Limited ⁽⁵⁾	Beneficial Owner	H Shares	26,420,400	8.43%	2.20%	Long position
Strategic Global Investment Corporation Limited ⁽⁵⁾	Interest in a controlled corporation	H Shares	26,420,400	8.43%	2.20%	Long position
Explorer Sparkle Limited ⁽⁶⁾	Beneficial Owner	H Shares	17,618,800	5.62%	1.47%	Long position
Abhaya Limited ⁽⁶⁾	Interest in a controlled corporation	H Shares	17,618,800	5.62%	1.47%	Long position
Wickhams Cay Trust Company Limited ⁽⁶⁾	Trustee	H Shares	17,618,800	5.62%	1.47%	Long position
Ms. Shi Jing ⁽⁶⁾	Founder of a discretionary trust	H Shares	17,618,800	5.62%	1.47%	Long position
GF Securities Co., Ltd. ⁽⁷⁾	Interest in a controlled corporation	H Shares	29,239,766	9.33%	2.44%	Long position
GF Holdings (Hong Kong) Corporation Limited ⁽⁷⁾	Interest in a controlled corporation	H Shares	29,239,766	9.33%	2.44%	Long position

Name of Shareholder	Nature of interest	Class of Shares held	Number of Shares held	Approximate percentage of shareholdings in the relevant class of Shares of the Company ⁽¹⁾	Approximate percentage of shareholdings in the total share capital of the Company ⁽¹⁾	Long position/ short position
GF Investment (Hong Kong) Company Limited ⁽⁷⁾	Interest in a controlled corporation	H Shares	29,239,766	9.33%	2.44%	Long position
GF Energy Investment Limited ⁽⁷⁾	Beneficial Owner	H Shares	29,239,766	9.33%	2.44%	Long position
Fubon Financial Holding Co., Ltd. ⁽⁸⁾	Interest in a controlled corporation	H Shares	17,613,600	5.62%	1.47%	Long position
Fubon Life Insurance Co., Ltd. ⁽⁸⁾	Beneficial Owner	H Shares	17,613,600	5.62%	1.47%	Long position
Perfect Splendour Limited	Beneficial Owner	H Shares	15,943,702	5.09%	1.33%	Long position

Notes:

- (1) The calculation is based on the total number of 1,200,000,000 Shares in issue as at the Latest Practicable Date in which 886,524,370 Shares are Domestic Shares and 313,475,630 Shares are H Shares.
- (2) Mr. Chen Weilin holds 33.61% of the equity interest of Xinjiang Tebian, which directly holds 4.85% interest of the Company. Accordingly, Mr. Chen Weilin is deemed to be interested in all Shares held by Xinjiang Tebian in the Company for the purpose of the SFO.
- (3) According to the Company's current information, as at the Latest Practicable Date, L.R. Capital Asia Markets Limited holds 47,894,956 H Shares.
- (4) Keystone Group Ltd. is 100% owned by Ms. Ouyang Xinxiang. Therefore, Ms. Ouyang Xinxiang is deemed or taken to be interested in all Shares held by Keystone Group Ltd. in the Company for the purpose of the SFO.
- (5) Chan Mei Ching and Chan Min Chi hold 47% and 51% equity interest in Strategic Global Investment Corporation Limited, respectively. Strategic Global Investment Corporation Limited holds 99% equity interest in LRC. Belt and Road Investment Limited. Therefore, each of Chan Mei Ching, Chan Min Chi and Strategic Global Investment Corporation Limited is deemed or taken to be interested in all Shares held by LRC. Belt and Road Investment Limited in the Company for the purpose of the SFO.
- (6) Explorer Sparkle Limited is 100% owned by Abhaya Limited. Abhaya Limited is 100% owned by Wickhams Cay Trust Company Limited, and Ms. Shi Jing is the founder of a discretionary trust of the trust and Wickhams Cay Trust Company Limited is the trustee. Therefore, Ms. Shi Jing, Wickhams Cay Trust Company Limited and Abhaya Limited are deemed or taken to be interested in all Shares held by Explorer Sparkle Limited in the Company for the purpose of the SFO.
- (7) GF Investment (Hong Kong) Company Limited holds 81% of the equity interest of GF Energy Investment Limited, and GF Investment (Hong Kong) Company Limited is 100% owned by GF Holdings (Hong Kong) Corporation Limited, and GF Holdings (Hong Kong) Corporation Limited is 100% owned by GF Securities Co., Ltd..

Accordingly, GF Securities Co., Ltd., GF Holdings (Hong Kong) Corporation Limited and GF Investment (Hong Kong) Company Limited are deemed to be interested in all Shares held by GF Energy Investment Limited in the Company for the purpose of the SFO.

- (8) Fubon Life Insurance Co., Ltd. is 100% owned by Fubon Financial Holding Co., Ltd.. Therefore, Fubon Financial Holding Co., Ltd. is deemed to be interested in all Shares held by Fubon Life Insurance Co., Ltd. in the Company for the purpose of the SFO.

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 executive 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 has to be entered in the register of interests in shares and short positions 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	Chairman and executive director of TBEA
Ms. Guo Junxiang	Executive director of 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 is not terminable within one year without payment of compensation (other than statutory compensation).

7. MATERIAL LITIGATION

As at the Latest Practicable Date, as far as is known to Directors, there is one material litigation, which was disclosed in the interim report of the Company for the six months ended 30 June 2019:

Jiangsu Zhongneng Case:

In June 2013, Jiangsu Zhongneng Silicon Technology Development Co., Ltd. (“**Jiangsu Zhongneng**”) initiated a civil lawsuit against the Company with the People’s Court in Jiangsu Province for alleged infringements by the Company of certain intellectual property rights and trade secrets which claimed to be owned by Jiangsu Zhongneng, including STC hydrochlorination technology, high- efficiency and energy saving CVD reactor and silane-based FBR technology. Jiangsu Zhongneng sought a compensatory damage of RMB60 million against the Company, and requesting the Company to bear the relevant costs of RMB2 million and legal costs. In December 2014, after the Company’s appeals, the Supreme People’s Court in China ruled in the Company’s favor that the People’s Court in Jiangsu Province lacked jurisdiction and this case should be heard in a court based in Xinjiang Uygur Autonomous Region. In addition, Jiangsu Zhongneng has withdrawn its claim against the Company in relation to the infringement of intellectual property rights in December 2014. Given that (i) the Company has never applied the silane-based FBR technology in its Polysilicon Production business; and (ii) the STC hydrochlorination technology and high-efficiency and energy saving CVD reactor which the Company used in its production were both purchased from legitimate third-party suppliers under valid purchase agreements, the Company believes that it did not infringe upon the intellectual property rights and trade secrets of Jiangsu Zhongneng. On 10 September 2019, the Company received the summons from the Higher People’s Court of the Xinjiang Uygur Autonomous Region. The trial of the first instance was held on 8 October 2019, and is waiting for the judgment.

Except for the case disclosed above, 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

References are made to the announcements in relation to the first quarter profit warning dated 11 April 2019, the unaudited consolidated results for the three months ended 31 March 2019 dated 24 April 2019 the profit warning dated 2 August 2019 and the results for the six months ended 30 June 2019 dated 23 August 2019 regarding the decrease in the unaudited consolidated profit attributable to the owners of the Company for the three months ended 31 March 2019 and for the

six months ended 30 June 2019 as compared to the corresponding periods in 2018, which was mainly due to the significant fall of the sales price of polysilicon. Save as disclosed above, 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 2018, 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 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 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 2018, 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
Sorrento 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, Sorrento Capital did not hold any beneficial interest in the share capital of any member of the Group, nor did it have the 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, Sorrento Capital 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, Sorrento Capital did not have any interest in any assets which have been since 31 December 2018 (being the date to which the latest published audited annual accounts of the Company were made up), acquired or disposed of by 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 AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours on any weekday (except for public holidays) at 13/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) Products Sales Framework Agreement;
- (b) Product Procurement Framework Agreement (Type 1);
- (c) Coal Procurement Framework Agreement (Type 2);
- (d) Miscellaneous Services Framework Agreement (Type 4);
- (e) the consent referred to in the paragraph of "Qualification of Expert and Consent" of this Appendix;
- (f) the Letter from the Board, full text of which is set out on pages 5 to 16 of this circular;
- (g) the Letter from the Independent Board Committee, full text of which is set out on page 17 of this circular;
- (h) the letter from Sorrento Capital, full text of which is set out on pages 18 to 31 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. 2499, Mianguangdong 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. Ng Wing Shan. Ms. Ng Wing Shan is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited and a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.
- (c) The principal place of business of the Company in Hong Kong is at 40th Floor, Sunlight Tower, 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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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 2019

NOTICE IS HEREBY GIVEN that the second extraordinary general meeting of 2019 (the “**EGM**”) of Xinte Energy Co., Ltd. (the “**Company**”) will be held at the Conference Room, 21st Floor of TBEA Co., Ltd. at No. 189, South Beijing Road, Changji, Xinjiang, the People's Republic of China (the “**PRC**”) at 11:00 a.m. on Friday, 8 November 2019 to consider and, if thought fit, approve the resolution set out below as ordinary resolution.

ORDINARY RESOLUTION

To consider and approve the continuing connected transactions contemplated under the Products Sales Framework Agreement entered into between the Company and TBEA Co., Ltd. on 12 September 2019 and the proposed annual caps under the Product Sales Framework Agreement be and are hereby generally and unconditionally approved and the directors of the Company acting together or by committee, or any director of the Company acting individually, be and is hereby authorised to do all such further acts and things and execute such further documents and take all such steps which in his/her/their opinion may be necessary, desirable or expedient to implement and/or give effect to the terms of such continuing connected transactions.

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

Xinjiang, the PRC
23 September 2019

Notes:

1. **Important:** A circular setting out further details of the resolutions, the form of proxy and the reply slip of the EGM will be dispatched and published by the Company in due course.
2. In order to determine the shareholders of the Company (the “**Shareholders**”) who are eligible to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 9 October 2019 to Friday, 8 November 2019, both days inclusive, during which no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Company on Tuesday, 8 October 2019 shall be entitled to attend

NOTICE OF EXTRAORDINARY GENERAL MEETING

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 Tuesday, 8 October 2019 for registration.

3. Shareholders who intend to attend the EGM (or any adjournment thereof) should complete and return the reply slip for attending the EGM (or any adjournment thereof) by person or by post. The reply slip should be completed and returned to the Company's Board secretary office by post to (or by depositing it at) No. 399, South Changchun Road, New Downtown, Urumqi, Xinjiang, the PRC (for holders of domestic shares); or to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, by facsimile (fax number: +852-28650990) or by post to (or by depositing it at) 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares), such that the reply slip shall be received by the Company 20 days before the EGM (i.e. on or before Saturday, 19 October 2019).
4. 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 of the Company.
5. 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.
6. 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 5 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 (or any adjournment thereof) (i.e. no later than 11 a.m. on Thursday, 7 November 2019).
7. 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).
8. 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.
9. 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 consists of Mr. Zhang Jianxin, Mr. Yin Bo and Mr. Xia Jinjing as executive Directors; Mr. Zhang Xin, Ms. Guo Junxiang and Mr. Wang Shi as non-executive Directors; and Mr. Qin Haiyan, Mr. Yang Deren and Mr. Wong, Yui Keung Marcellus as independent non-executive Directors.