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新特能源

XINTE ENERGY CO., LTD.

新特能源股份有限公司

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

(Stock code: 1799)

CONNECTED TRANSACTION CAPITAL INJECTION AGREEMENT

CAPITAL INJECTION AGREEMENT

The Board announces that, on 14 June 2024, Silicon New Material, a subsidiary of the Company, entered into the Capital Injection Agreement with Xinjiang Tianchi and the Target Company, pursuant to which, Silicon New Material agreed to inject RMB490,000,000 to the Target Company as its registered capital with its self-owned monetary funds. Upon completion of the Capital Injection, Silicon New Material will hold 49% of the equity interest of the Target Company, and the financial statements of the Target Company will not be consolidated into the financial statements of the Group but the investment revenue will be accounted and recognized by using the equity method.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Xinjiang Tianchi is a subsidiary of TBEA, while TBEA directly and indirectly holds approximately 64.52% of the total issued share capital of the Company and is thus the controlling shareholder of the Company. As such, Xinjiang Tianchi is a connected person of the Company. As Xinjiang Tianchi holds 100% of the equity interest of the Target Company, the Target Company is also a connected person of the Company under the Listing Rules. Therefore, the Capital Injection Agreement and the transaction contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction contemplated under the Capital Injection Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the Capital Injection Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from Independent Shareholders' approval requirement.

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The principal terms of the Capital Injection Agreement are summarized as follows:

Date: 14 June 2024

Parties:

- (a) Silicon New Material
- (b) Xinjiang Tianchi
- (c) Target Company

Capital Injection and Amount: As agreed among the parties, Silicon New Material agreed to inject RMB490,000,000 to the Target Company with its self-owned monetary funds to acquire RMB490,000,000 of the new registered capital of the Target Company at a price of RMB1 for each registered capital RMB1, while the registered capital of the Target Company will increase from RMB510,000,000 to RMB1,000,000,000 and Silicon New Material will hold 49% of the equity interest of the Target Company upon completion of the Capital Injection.

The shareholding structure of the Target Company before and after the completion of the Capital Injection is set out as follows:

Unit: RMB0'000

Shareholder	Before the Capital Injection		New capital contribution	Immediately following the Capital Injection	
	Capital contribution	Shareholding		contribution	Shareholding
Xinjiang Tianchi	51,000 ^{Note}	100.00%	0	51,000	51.00%
Silicon New Material	0	0.00%	49,000	49,000	49.00%
Total	51,000	100.00%	49,000	100,000	100.00%

Note: Xinjiang Tianchi's contribution in registered capital has been fully paid up in phases in February and May 2024.

Corporate Governance Arrangement:

Upon the Capital Injection, Silicon New Material is entitled to nominate one director to the board of directors of the Target Company, which comprises three directors in total.

Procedures for the Capital Injection:

Silicon New Material shall settle the capital commitment to the Target Company within 15 business days after the Capital Injection Agreement becomes effective. The Target Company shall complete the registration of its shareholders, change of registered capital, amendment of its articles of association and other industrial and commercial registration procedures within one month after the signing of the Capital Injection Agreement. The Target Company shall issue the capital contribution certificate and provide the amended business license to its shareholders.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability on 13 September 2022 and a wholly-owned subsidiary of Xinjiang Tianchi as at the date of this announcement. The principal businesses of the Target Company are the generation, transmission, supply and distribution of electricity businesses. The Target Company has invested in the construction of the Wucaiwan 2x660MW Thermal Power Plant Project in Xinjiang Zhudong (the “**Project**”). The Project began construction in 2023, and is expected to commence operation by the fourth quarter of 2024.

As at the date of this announcement, since the Target Company has not been put into operation and production, it had no revenue or profits (before and after taxation) for the years ended 31 December 2022 and 31 December 2023.

As at 31 December 2023, the unaudited total asset and net asset of the Target Company approximately amounted to RMB2,127.86 million and RMB Nil, respectively.

INFORMATION ON THE PARTIES OF THE CAPITAL INJECTION AGREEMENT

Silicon New Material is a company incorporated in the PRC with limited liability on 17 February 2022 and a wholly-owned subsidiary of the Company as at the date of this announcement. The principal businesses of Silicon New Material are production and sales of polysilicon, with an annual polysilicon production capacity of 100,000 tons.

Xinjiang Tianchi is a company incorporated in the PRC with limited liability on 29 November 2002. As at the date of this announcement, Xinjiang Tianchi's registered capital amounted to RMB10,000,000,000, and TBEA, a joint stock company incorporated in the PRC and listed on the Shanghai Stock Exchange (stock code: 600089) and a controlling shareholder of the Company, directly holds 85.78% of its equity interest. The principal businesses of Xinjiang Tianchi are the mining and sales of coal, generation and sales of electricity and heat.

INFORMATION ON THE COMPANY

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

REASONS AND BENEFITS FOR THE CAPITAL INJECTION

Upon completion of the Capital Injection, Silicon New Material will become the second largest shareholder of the Target Company. Subject to the electricity dispatch and compliance with relevant electricity transaction policies, Silicon New Material will seek to prioritize the use of the power produced by the Project for polysilicon production by way of market-based trading, which is beneficial to the stability of power supply for the Company's polysilicon production and can optimize the production cost and enhance the overall competitiveness of the Company's polysilicon products. Meanwhile, according to the feasibility report of the Project, the Project has good economic benefits. Upon the completion of the Capital Injection, the Target Company will be held by Silicon New Material as to 49% of its total equity interest and its financial results will be accounted and investment revenue be recognized by the Group by using the equity method, which will create a new source of profit growth for the Group.

BOARD CONFIRMATION

As at the date of this announcement, each of the Directors, namely Mr. Zhang Xin, Mr. Huang Hanjie and Ms. Guo Junxiang, holds a position at and/or interests in TBEA, and they are deemed to have material interests in the Capital Injection and are required to abstain from voting on the relevant Board resolutions. Save for the above Directors, none of the Directors have or are deemed to have any material interests in the aforementioned connected transactions.

The Directors (including the Independent Non-executive Directors) are of the view that the terms of the Capital Injection Agreement are determined after arm's length negotiations on normal commercial terms and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole, although it is not conducted in the ordinary and usual course of business of the Company due to the transaction nature.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Xinjiang Tianchi is a subsidiary of TBEA, while TBEA directly and indirectly holds approximately 64.52% of the total issued share capital of the Company and is thus the controlling shareholder of the Company. As such, Xinjiang Tianchi is a connected person of the Company. As Xinjiang Tianchi holds 100% of the equity interest of the Target Company, the Target Company is also a connected person of the Company under the Listing Rules. Therefore, the Capital Injection Agreement and the transaction contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction contemplated under the Capital Injection Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the Capital Injection Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from Independent Shareholders' approval requirement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions have the meanings as set forth below:

“Board”	the board of Directors of the Company
“Capital Injection”	the capital injection of RMB490,000,000 to the registered capital of the Target Company by Silicon New Material, a subsidiary of the Company
“Capital Injection Agreement”	the capital injection agreement entered into between Silicon New Material, Xinjiang Tianchi and the Target Company on 14 June 2024
“Company”	Xinte Energy Co., Ltd. (新特能源股份有限公司), a company incorporated in the PRC with limited liability on 20 February 2008, which was converted into a joint stock limited liability company on 16 October 2012, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1799)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Non-executive Director(s)”	the independent non-executive director(s) of the Company

“Independent Shareholders”	Shareholders other than TBEA and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“MW”	megawatt, a unit of power. The capacity of a power project is generally expressed in MW
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Silicon New Material”	Xinte Silicon New Materials Co., Ltd.* (新特硅基新材料有限公司), a company incorporated in the PRC with limited liability on 17 February 2022 and a wholly-owned subsidiary of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the same meaning as ascribed to it under the Listing Rules
“Target Company”	Xinjiang Zhunneng Investment Co., Ltd.* (新疆准能投资有限公司), a company incorporated in the PRC with limited liability on 13 September 2022 and a wholly-owned subsidiary of Xinjiang Tianchi as at the date of this announcement
“TBEA”	TBEA Co., Ltd. (特變電工股份有限公司), a joint stock company incorporated in the PRC on 26 February 1993 and listed on the Shanghai Stock Exchange (stock code: 600089). As at the date of this announcement, TBEA directly and indirectly holds 64.52% of the equity interest of the Company and is a controlling shareholder of the Company

“Xinjiang Tianchi”

Xinjiang Tianchi Energy Co., Ltd.* (新疆天池能源有限責任公司), a company incorporated in the PRC with limited liability on 29 November 2002. As at the date of this announcement, TBEA directly holds 85.78% of its equity interest

“%”

per cent

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

Xinjiang, the PRC
14 June 2024

As at the date of this announcement, the Board consists of Mr. Zhang Jianxin, Mr. Yin Bo and Mr. Xia Jinjing as executive Directors; Mr. Zhang Xin, Mr. Huang Hanjie and Ms. Guo Junxiang as non-executive Directors; and Mr. Cui Xiang, Mr. Chen Weiping and Mr. Tam, Kwok Ming Banny as independent non-executive Directors.

* *For identification purpose only*