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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 ENTERING INTO TBEA SUBSCRIPTION AGREEMENT

References are made to (i) the announcements dated 29 April 2021 and 14 May 2021, the circular dated 11 June 2021 and the announcement on the poll results of the EGM and the Class Meetings dated 28 June 2021 of the Company in relation to, among other things, the proposed issuance of not more than 177,304,874 Domestic Shares to the Subscribers, and the connected transaction in relation to the subscription of Domestic Shares by TBEA; and (ii) the announcement of the Company dated 5 August 2021 in relation to the Placing of 62,695,126 Placing Shares under the General Mandate.

CONNECTED TRANSACTION IN RESPECT OF SUBSCRIPTION OF DOMESTIC SHARES BY THE CONTROLLING SHAREHOLDER

The Board is pleased to announce that the Company entered into the TBEA Subscription Agreement with TBEA on 5 August 2021 (before trading hours of the Stock Exchange), pursuant to which, TBEA has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue a total of 167,304,874 Domestic Shares at the Subscription Price of RMB13.73 per Domestic Share, amounting to a total of approximately RMB2,297 million (equivalent to HK\$2,761 million). The Subscription Price was determined in accordance with the Pricing Principle after arm's length negotiations between the Company and TBEA by making reference to the Placing at the Placing Price of HK\$16.5 per Placing Share.

The TBEA Subscription was conducted under the specific mandate granted by the Shareholders at the EGM and the Class Meetings held on 28 June 2021. The net proceeds (after deducting related costs) from the TBEA Subscription will be used for the construction of the 100,000-ton Polysilicon Project by way of capital injection to Inner Mongolia Xinte, and replenishment of working capital for the development of wind power and PV resources by way of capital injection to Xinjiang New Energy.

TBEA shall transfer the consideration of the TBEA Subscription to the Company in full and in a lump sum after the Company has performed its obligations under the conditions precedent under the TBEA Subscription Agreement, and such transfer shall constitute the TBEA's completion of performance of all of its payment obligations.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, TBEA and its close associates hold approximately 65.43% of the total number of the Company's issued Shares. Therefore, TBEA is a controlling shareholder and a connected person of the Company and the TBEA Subscription constitutes a connected transaction of the Company, and is subject to the compliance of notice, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules. The Independent Shareholders have granted their approval for the TBEA Subscription at the EGM held on 28 June 2021.

This announcement does not constitute any invitation or offer to acquire, purchase or subscribe for the Company's securities.

As the TBEA Subscription is subject to the satisfaction of certain conditions, it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

References are made to (i) the announcements dated 29 April 2021 and 14 May 2021, the circular dated 11 June 2021 and the announcement on poll results of the EGM and the Class Meetings dated 28 June 2021 of the Company in relation to, among other things, the proposed issuance of not more than 177,304,874 Domestic Shares to the Subscribers, and the connected transaction in relation to the subscription of Domestic Shares by TBEA; and (ii) the announcement of the Company dated 5 August 2021 in relation to the Placing of 62,695,126 Placing Shares under the General Mandate.

I. CONNECTED TRANSACTION IN RELATION TO TBEA SUBSCRIPTION

The Board is pleased to announce that the Company entered into the TBEA Subscription Agreement with TBEA on 5 August 2021 (before trading hours of the Stock Exchange), pursuant to which, TBEA has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue a total of 167,304,874 Domestic Shares, at the Subscription Price of RMB13.73 per Domestic Share, amounting to a total of approximately RMB2,297 million (equivalent to HK\$2,761 million). The TBEA Subscription was conducted under the Specific Mandate granted by the Shareholders at the EGM and the Class Meetings held on 28 June 2021.

The TBEA Subscription constitutes a connected transaction of the Company and is subject to compliance of notice, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules. The Independent Shareholders have granted their approval for the TBEA Subscription at the EGM. For details of the Listing Rules implications, please refer to the sub-section headed "IV. LISTING RULES IMPLICATIONS" of this announcement.

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

Date:	5 August 2021 (before trading hours of the Stock Exchange)
Parties:	(i) the Company (as the issuer) (ii) TBEA (as the Subscriber)
Type and par value of Shares to be issued:	Ordinary Domestic Shares with par value of RMB1.00 each
Number of Shares to be issued:	167,304,874 Domestic Shares
Subscription Price and method of pricing:	RMB13.73 per Domestic Share, amounting to a total of approximately RMB2,297 million (equivalent to HK\$2,761 million)

The Subscription Price was determined in accordance with the Pricing Principle after arm's length negotiations between the Company and TBEA by making reference to the Placing at the Placing Price of HK\$16.5 per Placing Share

The Subscription Price represents:

- (a) a discount of approximately 13.79% to the closing price of HK\$19.14 per H Share as quoted on the Stock Exchange on 4 August 2021, being the last trading date in respect of the H Shares immediately prior to the date of the TBEA Subscription Agreement;
- (b) a discount of approximately 11.78% to the average closing price of the H Shares of approximately HK\$18.70 per H Share as quoted on the Stock Exchange for the last consecutive five trading days up to and including 4 August 2021; and
- (c) a discount of approximately 13.31% to the average closing price of approximately HK\$19.03 per H Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 4 August 2021.

The exchange rate of RMB0.8321:HK\$1 for the Subscription Price was calculated based on the average central parity rate of Hong Kong dollars against Renminbi quoted by the People's Bank of China in the five business days immediately prior to the date of entering into the TBEA Subscription Agreement.

Method of issuance: the issuance of the Domestic Shares to TBEA by way of non-public issuance under the Specific Mandate

Conditions precedent:

- (i) the TBEA Subscription being approved by the CSRC;
- (ii) the TBEA Subscription Agreement being effective and not being terminated in accordance with its terms; and
- (iii) the Company continuing to comply with the Public Float Requirement upon completion of the TBEA Subscription.

Completion: The Company will issue a notice to TBEA within 10 working days upon the fulfillment of all of the conditions precedent under the TBEA Subscription Agreement, and TBEA shall pay the consideration in full and in a lump sum to the Company within 10 working days upon receipt of the notice.

TBEA shall transfer the consideration of the TBEA Subscription into the account designated by the Company in full and in a lump sum after the Company has performed its obligations under the conditions precedent under the TBEA Subscription Agreement, and such transfer shall constitute the TBEA's completion of performance of all of its payment obligations.

The completion will take place upon the full payment of the consideration by TBEA. The Company shall make all required registration and filing with the relevant regulatory authorities within 30 working days from the completion date of the TBEA Subscription.

II. EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities in the past twelve months immediately preceding the date of this announcement:

Reference is made to the announcements of the Company dated 10 May 2021 and 3 August 2021 in relation to the Company's submission of application materials for the Issuance of H Shares to the CSRC and the CSRC's approval for the Issuance of H Shares.

Reference is also made to the announcement of the Company dated 5 August 2021 in relation to the Placing pursuant to the Placing Agreement entered into between the Company and Placing Agent. Pursuant to the Placing Agreement, the Company agreed to issue the Placing Shares, and the Placing Agent agreed, as the placing agent of the Company, to procure Placees on a best effort basis to subscribe for the Placing Shares at the Placing Price subject to the terms and conditions set out in the Placing Agreement. Details of the Placing are set out below:

Date of announcement	Equity fund raising exercise	Net proceeds expected to be raised	Intended use of proceeds	Actual use of proceeds
5 August 2021	Placing of 62,695,126 Placing Shares under the General Mandate pursuant to the Placing Agreement by the Company	Net proceeds (after deduction of the commissions and estimated expenses) from the Placing are expected to be approximately HK\$1,017 million	Construction of the 100,000-ton Polysilicon Project through capital injection to Inner Mongolia Xinte	Not applicable as the Placing Shares have not been allotted and issued as at the date of this announcement

III. REASONS FOR AND BENEFITS OF THE TBEA SUBSCRIPTION

The TBEA Subscription has the following benefits, namely, (i) to strength the polysilicon production capacity; (ii) to replenish working capital for wind power and PV projects; and (iii) to reduce the financial risk. The Directors are of the view that terms of the TBEA Subscription are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. For further details, please refer to the sub-section headed “(VI) Reasons for and Benefits of the Issuance of Domestic Shares” in the circular of the Company dated 11 June 2021.

IV. LISTING RULES IMPLICATIONS

As at the date of the announcement, TBEA and its close associates held approximately 65.43% of the total issued Shares. Therefore, TBEA is a controlling shareholder and a connected person of the Company, and the TBEA Subscription constitutes a connected transaction of the Company and is subject to the compliance of notice, announcement and shareholders’ approval requirements under Chapter 14A of the Listing Rules. The Independent Shareholders have granted their approval for the TBEA Subscription at the EGM of the Company held on 28 June 2021.

V. USE OF PROCEEDS

The Company expects to raise total proceeds (the “**Proceeds**”) of approximately RMB2,297 million (equivalent to approximately HK\$2,761 million) from the TBEA Subscription. Based on the estimated net proceeds of approximately RMB2,293 million, the net price to the Company per Subscription Share will be approximately RMB13.71 per Share. The Company intends to use the Proceeds from the TBEA Subscription for the following purposes:

Approximately 87.22% of the net proceeds (after deducting related costs) from the TBEA Subscription or RMB2,000 million will be used for the construction of the 100,000-ton Polysilicon Project by way of capital injection to Inner Mongolia Xinte and approximately 12.78% of the net proceeds (after deducting related costs) or RMB293 million will be used for the replenishment of working capital for the development of wind power and PV resources by way of capital injection to Xinjiang New Energy.

Before the proceeds from the TBEA Subscription are available, the Company has implemented the 100,000-ton Polysilicon Project with its own funds and/or bank borrowings in accordance with its actual progress, and will replace the pre-invested funds with the proceeds once they are received.

VI. EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Upon issuance, the new Domestic Shares to be issued under the TBEA Subscription Agreement will rank pari passu in all respect with those Domestic Shares already issued.

Assuming that there are no other changes to the total issued share capital of the Company and the number of Shares held by Shareholders from the date of this announcement to the date of the completion of the Issuance of H Shares and TBEA Subscription, the shareholding structure of the Company (1) as at the date of this announcement; (2) immediately upon completion of the Issuance of H Shares (assuming the number of H Shares to be issued is 62,695,126 Shares); and (3) immediately upon completion of the Issuance of H Shares and the TBEA Subscription (the “**Issuance**”) is set out below:

	As at the the date of this announcement		Immediately upon completion of the Issuance of H Shares		Immediately upon completion of the Issuance	
	Number of Shares	Approximate percentage of total issued Shares	Number of Shares	Approximate percentage of total issued Shares	Number of Shares	Approximate percentage of total issued Shares
Non-public						
TBEA and its close associates	785,144,487	65.43%	785,144,487	62.18%	952,449,361	66.60%
Other Domestic Shares Shareholders	102,603,083	8.55%	102,603,083	8.13%	102,603,083	7.17%
Sub-total	887,747,570	73.98%	887,747,570	70.31%	1,055,052,444	73.77%
Public						
Places	—	—	62,695,126	4.97%	62,695,126	4.38%
Existing public H Shares Shareholders	312,252,430	26.02%	312,252,430	24.73%	312,252,430	21.83%
Sub-total	312,252,430	26.02%	374,947,556	29.69%	374,947,556	26.22%
Total	1,200,000,000	100.00%	1,262,695,126	100.00%	1,430,000,000	100.00%

Note:

Numbers may not add up to 100 per cent due to rounding.

VII. INFORMATION OF THE PARTIES TO THE TBEA SUBSCRIPTION AGREEMENT

Information of the Company

The Company is a global leader in the manufacturing of polysilicon as well as in the development and operation of wind and PV power resources. Its main 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 inverters, flexible direct current and static VAR generators), which are used for the engineering and construction contracting business of the Company or sold to independent third parties.

Information of TBEA

TBEA is a joint stock company incorporated in the PRC on 26 February 1993. As at the date of this announcement, its registered capital is RMB3,714,312,789. TBEA and its associates (excluding the Group) are mainly engaged in: (i) production and sales of transformers, inductors, wires, cables and other electrical and machinery equipment; and (ii) construction and contracting of domestic and international power transmission and transformation projects, hydro and geothermal power projects.

VIII. GENERAL INFORMATION

This announcement does not constitute any invitation or offer to acquire, purchase or subscribe for the Company's securities. As the TBEA Subscription is subject to satisfaction of certain conditions, it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

IX. DEFINITIONS

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

“100,000-ton Polysilicon Project”	the 100,000-ton-per-annum high-purity polysilicon green energy circular economy construction project in Tumed Right Banner, Baotou City, Inner Mongolia Autonomous Region, the PRC
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning as ascribed to it in the Listing Rules

“Board”	the board of directors of the Company
“Class Meetings”	the first H shareholders class meeting of 2021 and the first domestic shareholders class meeting of 2021 of the Company held on 28 June 2021, which approved, among other things, the Issuance of Domestic Shares
“close associates”	has the meaning as ascribed to it in the Listing Rules
“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 on 20 February 2008
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning as ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“Domestic Share(s)”	ordinary domestic share(s) with par value of RMB1.00 each in the share capital of the Company
“Domestic Shares Shareholder(s)”	holder(s) of the Domestic Shares
“EGM”	the second extraordinary general meeting of 2021 of the Company held on 28 June 2021, which approved, among other things, the Issuance of Domestic Shares under the Specific Mandate and the TBEA Subscription
“General Mandate”	the general mandate for allotment and issuance of Shares granted to the Board by the Shareholders at the annual general meeting of the Company held on 16 June 2021
“Group”	the Company and its subsidiaries

“H Share(s)”	overseas listed foreign share(s) with a par value of RMB1.00 each in the share capital of the Company, which were listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars
“H Shares Shareholder(s)”	holder(s) of the H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Shareholders”	Shareholders other than TBEA and its associates
“Inner Mongolia Xinte”	Inner Mongolia Xinte Silicon Materials Co., Ltd.* (內蒙古新特硅材料有限公司), a company incorporated in the PRC with limited liability on 9 February 2021 and a subsidiary of the Company as at the date of this announcement
“Issuance of Domestic Shares”	the non-public issuance of no more than 177,304,874 Domestic Shares to TBEA and Jinglong Technology under the Specific Mandate
“Issuance of H Shares”	the allotment and issuance of new H Shares under the General Mandate to the Public
“Jinglong Technology”	Jinglong Technology Holdings Limited* (晶龍科技控股有限公司), a company incorporated in the PRC with limited liability on 17 September 2013
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any professional, institutional and other investors whom the Placing Agent have procured to subscribe for any of the Placing Shares pursuant to its obligations under the Placing Agreement
“Placing”	the placing by or on behalf of the Placing Agent of the Placing Shares subject to the terms and conditions set out in the Placing Agreement;
“Placing Agent”	China International Capital Corporation Hong Kong Securities Limited, the placing agent for the Placing

“Placing Agreement”	the placing agreement dated 5 August 2021 before the trading hours of the Stock Exchange entered into between the Company and the Placing Agent
“Placing Price”	HK\$16.5 per Placing Share (which excludes any brokerage, SFC transaction levy and Stock Exchange trading fee payable by the Placees)
“Placing Share(s)”	62,695,126 H Shares to be issued by the Company subject to the terms and conditions set out in the Placing Agreement
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Pricing Principle”	the pricing principle considered and approved by the Board for the plan for the issuance of Domestic Shares set out in the circular of the Company dated 11 June 2021
“Public”	persons who are not core connected persons of the Company
“Public Float Requirement”	the requirement of at least 25% of total issued Shares to be held by the Public under the Listing Rules
“PV”	photovoltaic
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)

“Specific Mandate”	the specific mandate for the Issuance of Domestic Shares granted by the Shareholders at the EGM and Class Meetings
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	TBEA and Jinglong Technology
“Subscription Price”	the subscription price based on the issue price (i.e. RMB13.73 per share) for Domestic Shares to be issued under the TBEA Subscription Agreement, which was determined in accordance with the Pricing Principle after arm’s length negotiations between the Company and TBEA by making reference to the Placing at the Placing Price of HK\$16.5 per Placing Share
“Subscription Shares”	167,304,874 new Domestic Shares to be issued by the Company to TBEA pursuant to the terms and conditions of the TBEA Subscription Agreement
“TBEA”	TBEA Co., Ltd. (特變電工股份有限公司), a joint stock company incorporated in the PRC with limited liability on 26 February 1993 and listed on the Shanghai Stock Exchange (stock code: 600089), the controlling shareholder of the Company as at the date of this announcement
“TBEA Subscription”	subscription of Domestic Shares by TBEA under the TBEA Subscription Agreement
“TBEA Subscription Agreement”	the domestic share subscription agreement entered into between TBEA and the Company on 5 August 2021 (before trading hours of the Stock Exchange), under which, the TBEA conditionally agrees to subscribe for, and the Company conditionally agrees to issue the new Domestic Shares

“Xinjiang New Energy”

TBEA Xinjiang New Energy Co., Ltd.* (特變電工新疆新能源股份有限公司), a joint stock company incorporated in the PRC with limited liability on 30 August 2000 and a non wholly-owned subsidiary of the Company as at the date of this announcement

“%”

per cent

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

Xinjiang, the PRC
5 August 2021

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