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If you have sold or transferred all your shares in **Xinte Energy Co., Ltd.**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected, for transmission to the purchaser(s) or the transferee(s).

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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)

MAJOR TRANSACTION

**(1) CAPITAL INJECTION TO INNER MONGOLIA XINTE AND
DEEMED DISPOSAL OF EQUITY INTEREST IN INNER MONGOLIA XINTE;
AND
(2) GRANT OF REPURCHASE OPTIONS**

A letter from the Board is set out on pages 5 to 16 of this circular.

The transaction being the subject matter of this circular has been approved by written shareholders' approval of TBEA (the controlling shareholder of the Company) pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

6 August 2021

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
APPENDIX — GENERAL INFORMATION	I-1

DEFINITIONS

In this circular, unless the context requires otherwise, the following terms have the meanings as respectively ascribed below:

“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
“associate(s)”	has the same meaning as ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“Capital Injection”	the capital injection to be made by the Company and the Investors in Inner Mongolia Xinte pursuant to the Capital Injection Agreement, details of which are disclosed in this circular
“Capital Injection Agreement”	the agreement entered into by the Company, Inner Mongolia Xinte and the Investors on 18 June 2021 in relation to investment and construction of the 100,000-ton Polysilicon Project and the Capital Injection and Share Expansion of Inner Mongolia Xinte
“Company”	Xinte Energy Co., Ltd., a joint stock company incorporated in the PRC with limited liability on 20 February 2008
“connected person(s)”	has the same meaning as ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the same meaning as ascribed thereto under the Listing Rules
“core connected person(s)”	has the same meaning as ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Domestic Share(s)”	ordinary domestic share(s) with par value of RMB1.00 each in the share capital of the Company
“General Mandate”	the general mandate 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Inner Mongolia Xinte”	Inner Mongolia Xinte Silicon Materials Co., Ltd.* (內蒙古新特硅材料有限公司), a company with limited liability incorporated in the PRC, and a subsidiary of the Company as at the Latest Practicable Date
“Issuance of H Shares”	allotment and issuance of new H Shares under the General Mandate to the Public
“Investors”	Jinko Energy and JA Solar Technology
“Jinko Energy”	Shangrao Jinko Energy Industry Development Co., Ltd.* (上饒市晶科能源產業發展有限公司), a company incorporated in the PRC with limited liability
“JA Solar Technology”	JA Solar Technology Co., Ltd. (晶澳太陽能科技股份有限公司), a joint stock company incorporated in the PRC with limited liability
“Latest Practicable Date”	2 August 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LPR”	above-5-year Loan Prime Rate
“Percentage ratio”	has the same meaning ascribed thereto under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Proceeds”	has the same meaning as ascribed thereto under the “Capital Injection Agreement-Payment Terms” of this circular
“Public”	persons who are not core connected persons of the Company
“PV”	photovoltaic
“Repurchase Option”	has the same meaning as ascribed thereto under the “Capital Injection Agreement-Repurchase Option” of this circular
“Repurchase Option Period”	has the same meaning as ascribed thereto under the “Capital Injection Agreement-Repurchase Option” of this circular
“Repurchase Conditions”	has the same meaning as ascribed thereto under the “Capital Injection Agreement-Repurchase Option” of this circular
“RMB”	Renminbi, the statutory currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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); and the Company’s controlling shareholder as at the Latest Practicable Date
“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 on 30 August 2000 and a subsidiary of the Company as at the Latest Practicable Date
“Xinjiang Tebian”	Xinjiang Tebian (Group) Co., Ltd. (新疆特變電工集團有限公司), a company with limited liability incorporated in the PRC on 27 January 2003; and a connected person of the Company as it is a controlled company with more than 30% of its equity interest being held, directly or indirectly, by Mr. Zhang Xin who is a connected person of the Company by virtue of his position as a Director
“%”	per cent

LETTER FROM THE BOARD

新特能源

XINTE ENERGY CO., LTD.

新特能源股份有限公司

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

(Stock code: 1799)

Executive Directors:

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

Non-executive Directors:

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

Independent Non-executive Directors:

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

Registered office:

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

*Headquarters and principal place of
business in the PRC:*

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

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

6 August 2021

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

**(1) CAPITAL INJECTION TO INNER MONGOLIA XINTE AND
DEEMED DISPOSAL OF EQUITY INTEREST IN INNER MONGOLIA XINTE;
AND**

(2) GRANT OF REPURCHASE OPTIONS

INTRODUCTION

Reference is made to the announcement of the Company dated 18 June 2021, in relation to the Capital Injection Agreement.

LETTER FROM THE BOARD

On 18 June 2021, the Company, Inner Mongolia Xinte and the Investors entered into the Capital Injection Agreement, pursuant to which:

- (a) the registered capital of Inner Mongolia Xinte will be increased from RMB60,000,000 to RMB3,500,000,000, of which the Company and the Investors will inject capital amounting to RMB2,810,000,000 and RMB630,000,000 to Inner Mongolia Xinte, respectively; and
- (b) the Company agreed to grant the Repurchase Option to each of the Investors, whereby the Investors shall have the right at any time during the Repurchase Option Period to request the Company to repurchase all or part of their equity interests in Inner Mongolia Xinte when the Repurchase Conditions are triggered.

As the highest applicable percentage ratio of the transactions contemplated under the Capital Injection Agreement exceeds 25% but is lower than 75%, the transactions contemplated under the Capital Injection Agreement constitute a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide the Shareholders with further information on the transactions contemplated under the Capital Injection Agreement and other information as required under the Listing Rules.

CAPITAL INJECTION AGREEMENT

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

Date

18 June 2021

Parties

- (1) Company;
- (2) Investors; and
- (3) Inner Mongolia Xinte

LETTER FROM THE BOARD

Capital Injection

Upon the completion of the Capital Injection, the registered capital of Inner Mongolia Xinte will be increased from RMB60,000,000 to RMB3,500,000,000. The Company and the Investors agreed to make the capital injection in Inner Mongolia Xinte, of which the Company and the Investors contributed RMB2,810,000,000 and RMB630,000,000, respectively. There is no premium for the Capital Injection and the consideration of the Capital Injection was determined as RMB1/registered capital RMB1 after negotiation.

The following table sets forth the shareholders and their shareholding in Inner Mongolia Xinte as at the Latest Practicable Date and upon the completion of the Capital Injection:

Shareholders	As at the		Upon the completion of	
	Latest Practicable Date		the Capital Injection	
	<i>Registered capital</i> (RMB0' 000)	<i>Percentage of shareholding</i> (%)	<i>Registered capital</i> (RMB0' 000)	<i>Percentage of shareholding</i> (%)
Company	6,000	100	287,000	82
Jinko Energy	—	—	31,500	9
JA Solar Technology	—	—	31,500	9
Total	<u>6,000</u>	<u>100</u>	<u>350,000</u>	<u>100</u>

Upon completion of the Capital Injection, Inner Mongolia Xinte will remain a subsidiary of the Company and its financial results will continue to be consolidated into the financial statements of the Company. As Jinko Energy and JA Solar Technology will be interested in 9% and 9% of Inner Mongolia Xinte, respectively upon completion of the Capital Injection, both of them will not become a connected person at the subsidiary level of the Company. Any further transactions entered into by the Company and its associates, inter alia, the sales of polysilicon from Inner Mongolia Xinte to the Investors will not constitute connected transactions of the Company.

The total amount of capital commitment to be made by each of the Investors and the Company in respect of the Capital Injection was determined with reference to the capital required to construct the 100,000-ton Polysilicon Project and the parties' shareholding in Inner Mongolia Xinte; and after arm's length negotiations between the Company and the Investors.

The Capital Injection Agreement will be effective upon signing by the parties and the necessary internal approvals having been obtained by each of the Company and the Investors.

LETTER FROM THE BOARD

Payment Terms

All funds for the Capital Injection shall be paid in cash. The total capital commitment payable by the Company under the Capital Injection Agreement will be paid by its internal resources, including but not limited to the proceeds from the Company's issuance of H shares under the general mandate and/or the issuance of domestic shares under the specific mandate (the "Proceeds").

Within 10 working days after the Capital Injection Agreement has become effective through the execution of the agreement by all parties, the Company, Jinko Energy and JA Solar Technology shall contribute RMB1,088,000,000, RMB126,000,000 and RMB126,000,000, respectively to Inner Mongolia Xinte. The Company, Jinko Energy and JA Solar Technology have fully contributed and injected the capital into Inner Mongolia Xinte on 2 July 2021 respectively, in accordance with the terms under the Capital Injection Agreement. Inner Mongolia Xinte will complete the equity change registration upon receipt of such capital contributions, which are expected to be completed within one month.

On 30 June 2021 or 10 working days after the Proceeds are in place (whichever is later, but no later than 31 December 2021), the Company, Jinko Energy and JA Solar Technology shall contribute RMB1,722,000,000, RMB189,000,000 and RMB189,000,000, respectively to Inner Mongolia Xinte. As at the Latest Practicable Date, the Proceeds are not in place. The Company has submitted the application materials for the issuance of new Domestic Shares to the CSRC; and received the CSRC Acceptance Notice of the Application for Administrative Permission (Acceptance No. 211737). Please refer to the announcement of the Company dated 8 July 2021 for details of the acceptance. It is expected that the approval of the CSRC will be obtained around September 2021; and the Company will enter into the domestic share subscription agreement with the subscribers, which shall set out the terms regarding the payment of the subscription price (i.e. the Proceeds) by the subscribers. The Company has submitted the application materials for the Issuance of H Shares to the CSRC and received the CSRC Acceptance Notice of the Application for Administrative Permission (Acceptance No. 211065). Please refer to the announcement of the Company dated 10 May 2021 for details of the acceptance. It is expected that the approval of the CSRC for the Issuance of H Shares will be obtained around August 2021. As at the Latest Practicable Date, no concrete plan for the Issuance of H Shares has been formulated. The Issuance of H Shares, inter alia, the timing, pricing and the number of shares to be issued (if any) will be determined with reference to subsequent market conditions, the capital requirements of the Company and relevant rules and regulations. Based on the current timetable, it is expected that the Proceeds will be received around September to October 2021, upon when the Company and the Investors are expected to settle the remaining contributions according to the terms of the Capital Injection Agreement.

LETTER FROM THE BOARD

Use of Proceeds

The proceeds received by Inner Mongolia Xinte through the Capital Injection shall be used for the polysilicon business of Inner Mongolia Xinte (including the investment and construction of the 100,000-ton Polysilicon Project) and other purposes considered and approved by the board of directors of Inner Mongolia Xinte, but shall not be used for (i) other business unrelated to the polysilicon business; (ii) the shareholder's loan of Inner Mongolia Xinte; or (iii) other connected transactions that have not been approved by the board of directors and shareholders' meeting of Inner Mongolia Xinte. For the avoidance of doubt, the construction of the 100,000-ton Polysilicon Project may involve certain potential transactions with TBEA and Xinjiang Tebian which are considered as other purposes and constituted connected transactions of the Company. The potential connected transactions are related to the construction and operation of polysilicon business including the procurement of products and/or miscellaneous services from TBEA, Xinjiang Tebian and/or their respective associates. The transaction with TBEA and Xinjiang Tebian are indirectly related to the polysilicon business and are within the ambit of the Capital Injection Agreement and can be conducted after being continued and approved by the shareholders of Inner Mongolia Xinte as per the Capital Injection Agreement. Please refer to the announcement and circular of the Company dated 10 November 2020 and 2 December 2020, respectively, for details of the framework agreements for the continuing connected transactions entered into between the Company and each of TBEA and Xinjiang Tebian. As at the Latest Practicable Date, Inner Mongolia Xinte is still in the process of extending tender invitations to qualified suppliers to participate in the bidding for the construction work required for the 100,000-ton Polysilicon Project, hence the actual transaction amount for transactions to be entered with TBEA, Xinjiang Tebian and their respective associates, if any, has yet to be determined.

The 100,000-ton Polysilicon Project commenced construction in June 2021; and is expected to be put into production in or around the final quarter of 2022 and to reach its designated production capacity before June 2023. The estimated required capital for the construction of the 100,000-ton Polysilicon Project is approximately RMB3.5 billion which is satisfied by the funds contributed by the Company and Investors under the Capital Injection Agreement. The remaining capital investment required for the construction of the 100,000-ton Polysilicon Project will be satisfied by bank borrowings.

As at the Latest Practicable Date, the Company does not expect that proceeds from the Capital Injection will be used for other purposes save as those mentioned above.

LETTER FROM THE BOARD

Distribution of Profit

During the joint venture period, each shareholder of Inner Mongolia Xinte shall be legally entitled to share the profit of Inner Mongolia Xinte in proportion to their paid-in capital contributions and to bear the losses in proportion to their subscribed capital contributions.

The remaining profit after tax of Inner Mongolia Xinte after making up for the losses and making contributions to the reserve fund shall be distributed in the form of dividends to the shareholders. As approved by the resolution at the shareholders' meeting of Inner Mongolia Xinte, when the net operating cash flow of Inner Mongolia Xinte in the following year is sufficient for the payment of dividends, Inner Mongolia Xinte will distribute at least 60% of the distributable profit of the previous year by the end of June each year to shareholders in the form of dividends based on the proportion of paid-in capital contributions.

Other Terms

After the 100,000-ton Polysilicon Project is put into production, Inner Mongolia Xinte and the Company shall prioritize the supply of polysilicon to the Investors, which shall be implemented based on the terms set out in the sales agreement and polysilicon supply framework agreement to be signed between Inner Mongolia Xinte, the Group's member companies and the Investors. Inner Mongolia Xinte will enter into the polysilicon supply framework agreement with the Investors by 18 July 2021, which shall sets out the terms for the procurement and purchase orders of polysilicon and its fulfillment. The price of polysilicon sold by the Group to the Investors shall be determined with reference to the market price, namely the price of polysilicon of the same quality that Inner Mongolia Xinte sells to connected persons and independent third parties during the same period. The market price being sold to independent third parties is only one of the consideration factors and is not the overriding factor for determining the final price of polysilicon sold to the Investors. The price of polysilicon sold by the Group to the Investors is ascertained and confirmed at the time of order being placed subject to certain factors, inter alia, the market demand, the size of the order and the available supply of the polysilicon which fluctuates from time to time. The Investors shall also give priority to purchasing products of Inner Mongolia Xinte under the same conditions.

As at the Latest Practicable Date, the Company and Inner Mongolia Xinte have signed the polysilicon supply framework agreement with the Investors. Pursuant to the polysilicon supply framework agreement, Inner Mongolia Xinte will target to sell no less than 350,000 tons of polysilicon to the Investors from 2021 to 2025, subject to the Group's actual production volume and demand of the Investors which will be negotiated and confirmed based on individual sales agreements. The selling price of the polysilicon will be reviewed on a monthly basis with reference to the market price announced by PVInfoLink and China Nonferrous Metals Industry

LETTER FROM THE BOARD

Association Silicon Industry Branch (中國有色金屬工業協會硅業分會) and the price of polysilicon sold to independent third parties. The detailed terms of the sales of polysilicon will therefore be negotiated and stipulated in the individual sales agreement made for each order.

Management of Inner Mongolia Xinte

According to the Capital Injection Agreement, upon completion of the Capital Injection, the corporate governance structure of Inner Mongolia Xinte is as follows:

1. Shareholders' Meeting

The following matters must be approved by shareholders representing more than 90% of the voting rights:

- (i) Increase or decrease of Inner Mongolia Xinte's registered capital;
- (ii) Merger, division, change of Inner Mongolia Xinte's corporate form, dissolution and liquidation, etc.;
- (iii) Amendments to Inner Mongolia Xinte's articles of association;
- (iv) Provision of guarantee in the cases as set out below:
 - a. The single guarantee amount exceeds 10% of Inner Mongolia Xinte's audited net assets of the most recent period;
 - b. The total external guarantees of Inner Mongolia Xinte and its subsidiaries exceed 50% of the audited net assets of Inner Mongolia Xinte of the most recent period;
 - c. Inner Mongolia Xinte provided the guarantee to the object that its asset-liability ratio exceeds 70%;
 - d. The guarantee amount has exceeded 30% of the audited total assets of Inner Mongolia Xinte of the most recent period in the twelve consecutive months preceding; or
 - e. Guarantees provided by Inner Mongolia Xinte to shareholders, actual controllers and their connected persons; and

LETTER FROM THE BOARD

- (v) To determine the amount of connected transactions and pricing principles of Inner Mongolia Xinte; to determine connected transactions whose annual accumulative amount has reached 30% or above of Inner Mongolia Xinte's audited net assets of the most recent period.

Except for the above matters, other matters shall be approved by more than half of the shareholders with voting rights.

2. Board of Directors

The board of directors of Inner Mongolia Xinte shall be comprised of 5 directors, of which 3 shall be nominated by the Company and 1 shall be nominated by each Investor.

Pre-Emptive Rights and Right of Co-Sale

When the Company or the Investors transfer the equity interest of Inner Mongolia Xinte, other shareholders of Inner Mongolia Xinte have the pre-emptive rights to purchase based on their shareholding in Inner Mongolia Xinte under the same conditions, except for transfers to the connected persons of the transferor.

The Company undertakes that after the Capital Injection, the shareholding ratio of the Group in Inner Mongolia Xinte will be not lower than 50% of the total capital contributions. If any members of the Group intend to dispose of all or part of its equity interests in Inner Mongolia Xinte and hence loses its position as the holding company of Inner Mongolia Xinte, and the Investors have no intention to acquire all or part of the equity interest in Inner Mongolia Xinte that the Group intends to sell, the Investors are entitled to request the transferee to purchase all or part of its equity interests in Inner Mongolia Xinte at the same consideration, otherwise the Group shall not dispose such equity interests.

Repurchase Option

The Company granted an option to the Investors, and the exercise of the option is not at the discretion of the Company. Within 5 years from the date when the 100,000-ton Polysilicon Project reaches design capacity (no later than June 2023) (the "**Repurchase Option Period**"), if the actual annual output of the 100,000-ton Polysilicon Project is less than 50,000 tonnes for two consecutive years (except for the suspension or reduction of production caused by force majeure) (the "**Repurchase Conditions**"), each Investor has the right to require the Company to repurchase all or part of its equity interests in Inner Mongolia Xinte (the "**Repurchase Option**"). The notice

LETTER FROM THE BOARD

from the Investors requiring the Company to conduct the repurchase shall be issued within 3 months after the Repurchase Conditions are satisfied, and the Company shall complete the repurchase within 60 days after the receipt of the Investor's repurchase request.

The repurchase price payable by the Company upon the exercise of the Repurchase Option by the Investors shall be calculated in accordance with the following formula:

Capital contributions paid by each Investor \times (1 + average value of LPR of the year when the 100,000-ton Polysilicon Project reaches design capacity to the year of repurchase/365 \times the number of days between the receipt of capital contributions paid by the Investor to the completion of repurchase) — the cumulative value of dividends received by each Investor

The cumulative value of dividends shall be calculated using the following formula:

Each dividend received by the Investor \times average value of LPR from the year of the distribution of each dividend to the year of repurchase/365 \times the number of days between the receipt of each dividend to the completion of the repurchase

In the event that the Investors exercise the Repurchase Option, the highest possible monetary value payable by the Company shall not exceed RMB857,000,000 (assuming that (i) the average LPR is 4.85% (i.e. the highest value of LPR for the past three years); (ii) no dividends were distributed to the Investors during the Repurchase Option Period; (iii) the Investors having exercised the Repurchase Option at the end of the Repurchase Option Period; and (iv) the period from the receipt of the capital contributions by each of the Investors to the completion of the Repurchase is 89 months).

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The Board is of the view that the capital injection in Inner Mongolia Xinte by the Company and the Investors pursuant to the Capital Injection Agreement is beneficial to giving play to the professional advantages of all parties in the PV industry chain, strengthen in-depth strategic cooperation, ensure the stable sales or supply of polysilicon products of all parties, and achieve complementary advantages and win-win cooperation. At the same time, the Capital Injection can provide capital for the 100,000-ton Polysilicon Project, accelerate the construction of the project, such that its production capacity can be achieved as soon as possible, and further enhance the Group's market competitiveness.

The Board (including the independent non-executive Directors) is of the view that the terms of the Capital Injection Agreement are fair and reasonable and are made on normal commercial terms, and the Capital Injection is in the interests of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL IMPACT OF THE TRANSACTIONS CONTEMPLATED UNDER THE CAPITAL INJECTION ON THE GROUP

The Capital Injection will not cause the Company to lose control over Inner Mongolia Xinte, nor will it result in any gains or losses in the consolidated income statements of the Company.

Upon completion of the Capital Injection, Inner Mongolia Xinte will remain as a subsidiary of the Company and its financial results will continue to be consolidated into the financial statements of the Company.

The overall impact of the Capital Injection on the Group's future earnings will depend on the operating results of the 100,000-ton Polysilicon Project after it reaches its capacity. Upon completion of the Capital Injection, the amount of the Group's total assets will be increased by RMB630,000,000. As the Investor will be entitled to exercise the Repurchase Option only when the Repurchase Option Conditions are triggered, the Company expects to record a decrease in assets equivalent to the amount of consideration payable under the Repurchase Option upon the occurrence of such event.

LISTING RULES IMPLICATION

The shareholding of the Company in Inner Mongolia Xinte will be reduced from 100% to 82% upon the completion of the Capital Injection, hence, the Capital Injection by the Investors constitutes a deemed disposal under Rule 14.29 of the Listing Rules. At the same time, the Company's obligation to inject capital to Inner Mongolia Xinte constitutes a transaction of capital injection in a joint venture.

Given that the exercise of the Repurchase Option is not at the discretion of the Company, the transaction contemplated under the Capital Injection Agreement shall be deemed as if the Repurchase Option had been exercised pursuant to the Listing Rules. Hence, the capital commitment of the Company, the deemed disposal of equity interest in Inner Mongolia Xinte to the Investors and the highest possible monetary value payable by the Company under the Repurchase Option shall be aggregated; and as the highest applicable percentage ratio of the transactions exceeds 25% but is lower than 75%, the transactions contemplated under the Capital Injection Agreement constitute a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) none of the Shareholders or their respective associates have any material interests in the Capital Injection Agreement and the transaction contemplated thereunder, thus no Shareholder is required to abstain from voting if the Company was to convene a general meeting to approve the

LETTER FROM THE BOARD

Capital Injection Agreement and the transactions contemplated thereunder; and (ii) there were (a) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (b) no obligation or entitlement of any Shareholder, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

The Company has obtained the written approval of TBEA (the controlling shareholder of the Company holding 783,921,287 Shares, representing approximately 65.33% of the total issued share capital of the Company, as at the Latest Practicable Date), in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules for approving the Capital Injection Agreement and the transactions contemplated thereunder.

GENERAL INFORMATION

Information of the Company

The Company is a global leader in the manufacturing of polysilicon as well as in the development and operation of wind power and 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 Jinko Energy

Jinko Energy is a company incorporated in the PRC with limited liability on 31 May 2021. As at the Latest Practicable Date, it has a registered capital of RMB100,000,000 and is principally engaged in investment activities and the manufacturing of PV equipment and components. According to the best knowledge of the Board having made all reasonable enquiries, Jinko Energy's holding company is JinkoSolar Holding Co., Ltd. (晶科能源控股有限公司) (a company listed on the New York Stock Exchange, stock code: JKS). According to the best knowledge of the Board having made all reasonable enquiries, Jinko Energy and its ultimate beneficial owners are independent of and not a connected person of the Company and JA Solar Technology.

Information of JA Solar Technology

JA Solar Technology is a joint stock company incorporated in the PRC with limited liability on 20 October 2000 and listed on the Shenzhen Stock Exchange (stock code: 002459). As at the Latest Practicable Date, it has a registered capital of RMB1,595,253,725 and is principally

LETTER FROM THE BOARD

engaged in the research and development, production and sales of silicon wafers, solar cells and solar cell modules, and the development, construction and operation of PV stations, etc. According to the best knowledge of the Board having made all reasonable enquiries, JA Solar Technology and its ultimate beneficial owner are independent of and not a connected person of the Company and Jinko Energy.

Information of Inner Mongolia Xinte

Inner Mongolia Xinte is a company incorporated in the PRC with limited liability on 9 February 2021 and a subsidiary of the Company, it has a registered capital and paid up capital of RMB3.5 billion and RMB1.4 billion, respectively as at the Latest Practicable Date. Inner Mongolia Xinte is principally engaged in the production and sale of polysilicon. As at the Latest Practicable Date, Inner Mongolia Xinte has a total assets of RMB1.4 billion and has no profit since it has not commenced substantial operation since its incorporation.

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

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. FINANCIAL INFORMATION OF THE GROUP

Details of the audited financial information of the Group for each of the three years ended 31 December and 2018, 2019 and 2020 are disclosed in the following annual reports of the Company for the years ended 31 December 2018, 2019 and 2020, respectively, which have been published and are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.xinteenergy.com):

- annual report of the Company for the year ended 31 December 2018
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/lt201904261079.pdf>;
- annual report of the Company for the year ended 31 December 2019
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0429/2020042901897.pdf>
- annual report of the Company for the year ended 31 December 2020
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042901339.pdf>

3. 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/ associated corporation	Number/type of shares of the Company/ associated corporation held	Approximate percentage of shareholdings in the total share capital of the Company/ associated corporation ⁽¹⁾	Approximate percentage of shareholdings in the relevant class of Shares of the Company ⁽²⁾	Long position/short position
DIRECTORS						
Mr. Zhang Xin	Interest in a controlled corporation ⁽³⁾	The Company	61,143,108 Domestic Shares	5.09%	6.89%	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	12.03%	N/A	Long position
Ms. Guo Junxiang	Beneficial owner	TBEA ⁽⁴⁾	195,180 shares	0.01%	N/A	Long position
Mr. Huang Hanjie	Beneficial owner	TBEA ⁽⁴⁾	260,180 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

- (1) The calculation is based on the total number of 3,714,312,789 shares of TBEA and 1,200,000,000 Shares of the Company in issue as at the Latest Practicable Date.
- (2) The calculation is based on the total number of 886,524,370 Domestic Shares of the Company in issue as at the Latest Practicable Date.
- (3) Mr. Zhang Xin directly holds 40.08% equity interest of Xinjiang Tebian and as at the Latest Practicable Date Xinjiang Tebian directly held 4.85% of the total share capital of the Company. Xinjiang Tebian holds 100% interest in Xinjiang Yuanzhou Enterprise Management Consulting Co., Ltd., (新疆遠卓企業管理諮詢有限公司) which in turn holds 0.24% of the total share capital of the Company.
- (4) TBEA is the Company's controlling shareholder and therefore an associated corporation of the Company. As at the Latest Practicable Date, TBEA held 783,921,287 Domestic Shares and TBEA (HONGKONG) CO., LIMITED, a wholly owned subsidiary of TBEA, held 1,223,200 H Shares, which in total accounted for approximately 65.43% of the total share capital of the Company.
- (5) Mr. Zhang Xin directly holds 40.08% equity interest of Xinjiang Tebian, which directly holds 446,982,637 shares of TBEA as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, supervisors and chief executive of the Company had any interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporation, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those being taken or deemed to be owned by them under such provisions of the

SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

4. COMMON DIRECTORS

As at the Latest Practicable Date, the following Directors are also 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
Mr. Huang Hanjie	Executive director and president of TBEA
Ms. Guo Junxiang	Executive director of TBEA

5. INDEBTEDNESS STATEMENT

As at the close of business on 30 June 2021, the Group had outstanding secured interest-bearing bank loans of approximately RMB15,292,087,000. Among such loans, RMB510,945,000 has a maturity profile of within one year and RMB14,781,142,000 has a maturity profile of more than one year. The Group also had an unsecured interest-bearing loan of approximately RMB3,191,421,800.

As at 30 June 2021, the Group, as a lessee, had outstanding unpaid contractual lease payments which represent undiscounted lease payments in relation to the remaining lease terms of certain unsecured and unguaranteed lease contracts. As at 30 June 2021, the Group had total lease liability amounting to RMB50.9 million.

Save as disclosed above and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgage, charges, guarantees or other material contingent liabilities as at the close of business on 30 June 2021.

6. FINANCIAL AND BUSINESS PROSPECT OF THE GROUP

In recent years, the global new energy industry has flourished, the cost of new energy power generation has been reduced year by year and the grid parity has been achieved. In order to seize the opportunity of rapid development, as a leading polysilicon producer and wind and PV resource developer and operator in the world, the Group will focus on high-quality development and strive to achieve the following:

A. Deepen the improvement of polysilicon quality, increase production capacity and reduce costs, accelerate the construction of new projects, and improve core competitiveness

The Group will continue to promote quality management improvement, formulate strict quality control plans, further optimize process control parameters, continuously improve the internal and external quality of polysilicon products, increase the proportion of monocrystalline silicon, and increase the development and marketing of N-type monocrystalline materials; At the same time, the Group will further increase the production volume and reduce the production cost of polysilicon by implementing technological transformation projects for the existing polysilicon production lines in Xinjiang.

The construction of the 100,000-ton Polysilicon Project commenced in the first half of 2021 with an estimated construction period of 18 months. The project will adopt advanced and energy-saving production technology to build a digitalized and intelligent polysilicon plant with better product quality, lower production cost and higher comprehensive efficiency. After the project is put into production, the quality of polysilicon products will all reach the electronic level, which can meet the production needs of N-type silicon chips and further enhance the core competitiveness of the Group's polysilicon products.

B. Following the guidance of the industry policy and steadily promoting the development and construction of wind and PV power resources

By closely following the "14th Five-Year Plan" proposed by the state and regional strategic energy plan, the Group will make key arrangements for large base projects through focusing on the construction of UHV transmission channels, conduct in-depth study of the market development characteristics during the transition period of grid parity, and make timely and appropriate decision and promote strategic market development layout.

For the development and construction of wind power and PV power resources, the Group will reasonably make arrangements for works including project design, equipment bidding and procurement, construction and installation according to the schedule, give full play to the role of model engineering construction, take samples as the lead to build physical

projects, steadily promote the construction of engineering and construction contracting projects, and accelerate the elimination and commissioning at the two large-scale of build-own-operate (“BOO”) in Ximeng, Inner Mongolia and Zhudong, Xinjiang. It is expected that the scale of BOO projects with power generation revenue will exceed 2GW by the end of 2021, contributing stable electricity revenue and further enhancing the profitability of the Group.

C. Strengthen scientific and technological innovation to boost enterprise development

In respect of polysilicon production, the Group will focus on accelerating the development of core technologies and the transformation and application of technological achievements such as electronic grade-level-1 polysilicon, N-type monocrystalline materials and optimization of production process. Through the construction of digital power plants, MES (Manufacturing Execution System) and HSSE (Health, Safety, Security and Environmental Protection) systems, the Group will continue to enhance the market competitiveness of its products and achieve high-quality, informational and sustainable innovation and development.

In respect of the development and operation of wind and PV resources, the Group will focus on the PV system design research and engineering applications under large silicon wafer technology, big data mining and equipment failure diagnosis and prediction research, and the construction of intelligent auxiliary monitoring system of substations to further cultivate intelligent integrated service capabilities.

D. Safety-oriented, ensuring the healthy development of enterprises

The Group will adhere to the premise of strictly controlling the pandemic in its operations, strengthen the daily monitoring of major hazard sources and key parts, implement the responsibility system of long-term source, and establish a safety management and control mechanism for major hazard sources with clear responsibilities, strict management, effective measures and strong emergency response. At the same time, the Group will continue to promote the implementation of safety management informatization construction plans to realize functions such as safety inspections, operation permit management, potential hazard identification and management, environmental protection monitoring, etc., and strengthen fine management, operation and working control through informatization methods, and escort safe and stable production and operation.

7. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances, other internal resources and available existing unutilised credit facilities, the Group has sufficient working capital for its present requirements and to satisfy its requirements for at least the next 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

8. 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.

9. 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).

10. MATERIAL LITIGATION

As at the Latest Practicable Date, save as the litigation below, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance, and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Group:

In June 2020, Xinjiang New Energy filed a lawsuit against, amongst others, with Xuyi High Drive Wind Power Co., Ltd. (盱眙高傳風力發電有限公司) (“**Xuyi High Drive**”) and other defendants with the Intermediate People’s Court of Huaian (the “**Litigation of Intermediate People’s Court of Huaian**”) in relation to the contractual dispute between them in relation to the 99MW Integration Wind Power Project at Guanyin Temple Sanhe Farm Guantan Wind Power Plant of Xuyi High Drive (盱眙高傳觀音寺三河農場官灘風電場99MW整裝風電工程) (the “**Project**”). As at the Latest Practicable Date, the first instance judgment of the Litigation of Intermediate People’s Court of Huaian was delivered, and the main contents of the judgment were as follows: (i) the construction agreement between Xinjiang New Energy and Xuyi High Drive was terminated; (ii) Xuyi High Drive shall pay the project payment and liquidated damages for late payment to Xinjiang New Energy; and (iii) Xinjiang New Energy shall have the priority of compensation in respect of the Project’s revenue from the generation of electricity within the scope of the creditor’s rights stated in (ii).

In March 2021, Xinjiang New Energy filed another lawsuit against Xuyi High Drive as it failed to pay the payables under the finance lease agreement entered into between Xuyi High Drive and Huaxia Financial Leasing (the “**Finance Lease Agreement**”) after Huaxia Financial Leasing Co., Ltd. (華夏金融租賃有限公司) (“**Huaxia Financial Leasing**”) transferred the creditor’s rights thereunder to Xinjiang New Energy, and sought the Second Intermediate People’s Court of Beijing Municipality (the “**Intermediate People’s Court of Beijing**”) order that amongst other things, Xuyi High Drive shall pay the due and outstanding lease payables, all undue lease payables and corresponding liquidated damages for late payment retained purchase amount, and attorney fee etc (the “**Payments**”).

In April 2021, Xinjiang New Energy entered into a settlement agreement with, amongst others, Xuyi High Drive (the “**Settlement Agreement**”), and received the “Civil Settlement Letter” issued by Intermediate People’s Court of Beijing. Pursuant to the Settlement Agreement, the parties have agreed amongst other things, that (i) the violation of the provisions of the Finance Lease Agreement by Xuyi High Drive accelerates all the undue lease payables thereunder, and Xuyi High Drive shall pay a total amount of RMB877,802,284.96 for fees including rent and liquidated damages for late payment, retention money and legal cost, etc. to Xinjiang New Energy; (ii) Xuyi High Drive shall bear the acceptance fee of the Lawsuit of RMB2,216,005.5; (iii) the remaining amount in items 1 and 2 above after offsetting the payables against the deposit of RMB36,378,000 paid by Xuyi High Drive is RMB843,640,290.46 (the “**Final Payment**”). Xuyi High Drive undertakes that it will pay such amount to Xinjiang New Energy on or before 30 April 2021; and (iv) Xinjiang New Energy has the priority of compensation for the Final Payment in respect of: (a) discounted price of Xuyi High Drive’s equity interest or proceeds from auction or disposal; (b) the Revenue and relevant rights to earnings; and (c) discounted price of the related construction land use rights or proceeds from auction or disposal, all of which were pledged or mortgaged by Jiangsu High Drive or Xuyi High Drive.

As at the Latest Practicable Date, Xuyi High Drive has not paid the Final Payment and Xinjiang New Energy has completed the filing for the enforcement action against Xuyi High Drive and is awaiting to take enforcement action.

Please refer to the announcements of the Company dated 22 June 2020, 3 March 2021 and 29 April 2021 for further details of the litigation mentioned above.

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

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

- (a) none of the Directors or supervisors of the Company was materially interested in any contract or arrangement, which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group; and
- (b) so far as the Directors are aware, none of the Directors or supervisors of the Company nor their respective close associates had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

12. MATERIAL CONTRACT

As at the Latest Practicable Date, no contracts (contracts not being entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by the members of the Group within the two years immediately preceding the date of this circular and which is or may be material.

13. 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 for a period of 14 days commencing from the date of this circular:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 December 2018, 2019 and 2020 respectively;
- (c) the circular of the Company dated 11 June 2021 in relation to, amongst others, the connected transaction in relation to the proposed subscription of Shares by the controlling shareholder of the Company; and
- (d) this circular.

14. MISCELLANEOUS

- (a) The registered address of the Company and the principal place of business of the Company in the PRC is at No. 2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi, Xinjiang, the PRC.
- (b) The joint company secretaries of the Company are Ms. Zhang Juan and Ms. 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 Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as 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, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.
- (d) The H share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The English names of the PRC entities, projects, and the PRC governmental authorities referred to in this circular are translated for identification purposes. The English text of this circular (other than the names of PRC entities, projects and PRC governmental authorities) shall prevail over the Chinese text in the event of inconsistency.