THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Xinte Energy Co., Ltd.**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY; AND NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2025

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

SUNWAH KINGSWAY
新華滙富

Kingsway Capital Limited

A letter from the Board is set out on pages 5 to 17 of this circular. A letter from the Independent Financial Adviser, Kingsway Capital Limited containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 30 of this circular and a letter from the Independent Board Committee is set out on page 18 of this circular.

The notice convening the EGM to be held at the Conference Room, R&D Building, No. 2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi, Xinjiang, the PRC on Friday, 10 January 2025 at 11:00 a.m., is set out on pages EGM-1 to EGM-2 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, 9 January 2025) 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.

23 December 2024

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

"Accountant"	SHINEWING Certified Public Accountants LLP, the auditor of the Company and a third party independent of the Group and its connected persons
"Acquisition"	acquisition of 49% equity interest in the Target Company by the Company from Xinjiang Tianchi at a consideration of RMB1,507,725,800 pursuant to the Equity Interest Transfer Agreement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"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 company with limited liability 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
"Domestic Share(s)"	ordinary share(s) with par value of RMB1.00 each in the share capital of the Company, which are subscribed for and paid up in Renminbi

"EGM"	the first extraordinary general meeting of 2025 of the Company to be held at the Conference Room, R&D Building, No. 2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi, Xinjiang, the PRC on Friday, 10 January 2025 at 11:00 a.m.
"Equity Interest Transfer Agreement"	the equity interest transfer agreement dated 6 December 2024 entered into among the Company, Xinjiang Tianchi and the Target Company jointly, in relation to the transfer of 49% equity interest in the Target Company
"Group"	the Company and its subsidiaries
"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
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee comprising of all Independent Non-executive Directors established to advise the Independent Shareholders in respect of the Equity Interest Transfer Agreement and the proposed transaction contemplated thereunder
"Independent Financial Adviser"	Kingsway Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders with regard to the Equity Interest Transfer Agreement and the proposed transaction contemplated thereunder
"Independent Non-executive Director(s)"	the independent non-executive Director(s) of the Company

"Independent Shareholders"	Shareholders other than TBEA and its subsidiaries
"Latest Practicable Date"	19 December 2024, being the latest practicable date before printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MW"	megawatt, a unit of power. The capacity of a power project is generally expressed in MW
"North No. 1 Power Plant Project"	the Wucaiwan (五彩灣) north No. 1 power plant 2×660MW pithead coal-fired power plant project situated in Zhundong, Xinjiang
"percentage ratios"	has the meaning ascribed to it in Chapter 14 of the Listing Rules
"PRC" or "China"	the People's Republic of China
"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)"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it under the Listing Rules

"Target Company"	Xinjiang Zhundong TBEA Energy Co., Ltd.* (新疆准東特變能源有限責任公司), a company incorporated in the PRC with limited liability on 25 September 2013 and is a wholly-owned subsidiary of Xinjiang Tianchi as at the Latest Practicable Date
"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)
"TBEA Group"	TBEA and its associates (excluding the Group)
"Valuation Report"	the valuation report dated 20 November 2024 prepared by the Valuer in respect of the Target Company for the purpose of the Acquisition
"Valuer"	Beijing Shengming Assets Appraisal Co., Ltd.* (北京晟明資產評估有限公司), a third party independent of the Group and its connected persons
"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
"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 Latest Practicable Date, TBEA directly holds 85.78% of its equity interest
"%"	per cent

* *For identification purpose only*

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. Yang Xiaodong
Ms. Kong Ying
Mr. Hu Weijun

Non-executive Directors:
Mr. Zhang Xin
Mr. Huang Hanjie

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

23 December 2024

To the Shareholders

Dear Sir or Madam,

ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY; AND NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2025

A. INTRODUCTION

Reference is made to the announcement of the Company dated 6 December 2024 in relation to, amongst others, the acquisition of 49% equity interest in the Target Company under the Equity Interest Transfer Agreement.

The purpose of this circular is to provide you with, inter alia, (i) further information on the Acquisition; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advise from Kingsway Capital Limited to the Independent Board Committee and the Independent Shareholders; (iv) notice of the EGM; and (v) other information required to be contained in this circular under the Listing Rules, to enable you to make informed decision on whether to vote for or against the resolution to be proposed at the EGM.

Acquisition

On 6 December 2024, the Company entered into the Equity Interest Transfer Agreement with Xinjiang Tianchi and the Target Company, pursuant to which, Xinjiang Tianchi agreed to sell and the Company agreed to acquire 49% of the equity interest in the Target Company at a consideration of RMB1,507,725,800. Upon completion of the Acquisition, the Company will hold 49% of the equity interest in 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 from the Target Company will be accounted and recognized by the Company using the equity method.

The principal terms of the Equity Interest Transfer Agreement are set out as follows:

Parties:	(1) Xinjiang Tianchi, as the seller
	(2) The Company, as the purchaser
	(3) The Target Company
Date:	6 December 2024
Equity Interest of the Target Company to be Acquired:	49% of the equity interest in the Target Company and all rights and obligations attached

Consideration:	The consideration of RMB1,507,725,800 was determined after arm's length negotiations with reference to the appraised value of the Target Company. The Company will complete the payment in monetary funds within 15 business days after the Equity Interest Transfer Agreement becomes effective.
Corporate Governance Arrangement:	Upon completion of the Acquisition, the board of directors of the Target Company will consist of three directors, of which two will be appointed by Xinjiang Tianchi and one will be appointed by the Company. The chairman of the board of directors will be a director appointed by Xinjiang Tianchi.
Agreement in Force:	The Equity Interest Transfer Agreement shall come into effect after it being signed and stamped with official seals by authorized representatives of each party and the transaction contemplated thereunder has been considered and approved by the general meeting of the Company.
Procedures for Closing and the Acquisition:	The effective date of the Equity Interest Transfer Agreement is the closing date. From the closing date, the Company shall enjoy the corresponding rights stipulated and conferred by laws, regulations and articles of association, such as profit distribution, capital injection and entitlement to the distribution of remaining assets, and undertake the corresponding obligations as a shareholder. The Target Company shall complete the registration of its shareholders, amendment of its articles of association and other industrial and commercial registration procedures within one month after the Equity Interest Transfer Agreement comes into effect, and shall issue the capital contribution certificate and provide the amended business license to its shareholders.

Profit Forecast Based on the Income Approach Adopted in the Valuation Report

The appraised value of the total shareholders' equity of the Target Company was RMB3,076,991,400 as set out in the Valuation Report prepared by the Valuer based on the income approach with 31 August 2024 as the Valuation Benchmark Date. As the valuation of the Target Company was based on the income approach, it is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

A summary of the Valuation Report containing, among other things, the key assumptions, valuation model and input parameters of the valuation is set out in Appendix II to this circular, and below is a summary of the key valuation assumptions and parameters of the valuation.

The operating revenue of the Target Company in 2023 and for the eight months ended 31 August 2024 was RMB1,982,142,400, and RMB1,313,641,000, respectively, and the projected revenue will be within RMB1,744 million to RMB2,005 million during 2024 to 2039 (the "**Forecast Period**"). Affected by the national dual carbon policy, coal power plays a fundamental role in ensuring reliable power supply, system peak adjustment, bulk coal control and low-cost power and heat supply. With the rapid growth of the installations of new energy power generation, coal power generation indicators are being squeezed. Taking into account the regular maintenance plan of thermal power units, it is expected that the Target Company's compound annual reduction rate of power generation hours during the Forecast Period will be approximately 0.66%, and with the on-grid electricity price remaining unchanged, the Target Company's operating income level during the Forecast Period is expected to decline, and the compound annual reduction rate is expected to be approximately 1.55% during the Forecast Period.

Based on the Target Company's cost composition from 2022 to the eight months ended 31 August 2024, power costs constituted about 50% of the productions cost, while the remaining were labor and manufacturing costs, and it is expected that such trend will be maintained in the future, of which labor costs are predicted based on the local average salary growth rate of 5.9% for the first five years of the Forecast Period, and will remain unchanged after 2029, and the power costs are predicted taking into account the average market price, the compound annual growth rate of operating costs is approximately 1.18% during the Forecast Period, and production cost is expected to represent 46% to 69% of the Project's revenue during the Forecast Period.

The Target Company's net profit in 2023 and for the eight months ended 31 August 2024 was RMB778,862,700 and RMB578,683,000, respectively. Taking into account changes in the Target Company's operating income and operating costs in the future, while also expecting 1) the tax policy and tax preference enjoyed by the Target Company will remain unchanged during the Forecast Period; 2) a slight increase in research and development expenses and administrative expenses, which mainly include employees' remuneration which is predicted based on the local average salary growth rate of 5.9% for the first five years of the Forecast Period, and will remain unchanged after 2029; and 3) early repayment of part of the principal of the bank borrowings in subsequent years, with all interest-bearing debts fully repaid in 2034, the compound annual decrease rate of net profit during the Forecast Period will be approximately 3.23%, and the Target Company's net profit margin during the Forecast Period will be within the range of 20.8% to 28.8%.

The Board has confirmed that the profit forecasts have been made after due and careful enquiry. Please see the letter from the Board in Appendix III to this circular.

The Accountant has reviewed the accounting policies and calculations of the profit forecasts in the Valuation Report and has reported on the calculation of the income approach on which the valuation was based. Please see the letter from the Accountant in Appendix IV to this circular.

There has been no material change on the appraised value of the total shareholders' equity of the Target Company between the Valuation Benchmark Date and the Latest Practicable Date.

Information of the Target Company

The Target Company is a company incorporated in the PRC with limited liability on 25 September 2013 and is a wholly-owned subsidiary of Xinjiang Tianchi as at the Latest Practicable Date. The sole business invested by the Target Company is the North No. 1 Power Plant Project, which was put into operation in October 2019. The main businesses of the Target Company are thermal power generation through coal, the production and sales of heat and steam.

The Target Company's profit was mainly attributable to the sales of power generated by the North No. 1 Power Plant Project to State Grid Xinjiang Electric Power Co., Ltd., which transmits such power through the Zhundong — East China (Wannan) ±1,100 KV Ultra- High Voltage Direct Current Transmission Project (准東至華東(皖南) ±1100千伏特高壓直流輸電工程) (the "**Zhundong — Wannan Direct Current Project**") to eastern China for consumption.

The following table provides a summary of the consolidated financial information of the Target Company for the periods as stated below:

	For the year ended 31 December 2022 (audited) *RMB (million)*	For the year ended 31 December 2023 (audited) *RMB (million)*
Net profit before tax and non-recurring profit and loss items	746.60	914.98
Net profit after tax and non-recurring profit and loss items	637.56	802.52

According to the audited financial information, the total assets and net assets of the Target Company as at 31 August 2024 were approximately RMB4,048.00 million and RMB1,689.49 million, respectively.

Information of Xinjiang Tianchi

Xinjiang Tianchi is a company incorporated in the PRC with limited liability on 29 November 2002 and is a subsidiary of TBEA. As at the Latest Practicable Date, 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 the equity interest in Xinjiang Tianchi. The principal businesses of Xinjiang Tianchi are the mining and sales of coal, generation and sales of electricity and heat.

Information of the Company

The Company is a leading global manufacturer of polysilicon and a developer and operator of wind power and PV resources. The Company's main businesses include the production of polysilicon and the provision of engineering and construction contracting and operating services for PV and wind power projects, as well as the manufacture of supporting equipment (mainly inverters, flexible direct current transmission converter valves and static VAR generators) which are used in the Company's engineering and construction contracting business or sold to independent third parties.

Reasons for and Benefits of the Acquisition

1. ***Affected by the supply and demand relationship in the polysilicon industry, the Group's profitability has fluctuated significantly and even suffered losses in recent years. In order to reduce significant fluctuations in performance, the Group has actively deployed a new profit contribution unit to improve the profit structure and enhance the operational resilience and risk resistance.***

The Group generates revenue and profit mainly from three business segments, including the research and development, production and sales of the high-purity polysilicon and the development and construction and operation of wind power and PV power plants. Since the second half of 2023, affected by the slowdown in the growth rate of PV terminal installations and the substantial increase in the supply of polysilicon, there has been an imbalance between supply and demand in the PV industry chain, and the price of polysilicon has irrationally fallen. In April 2024, the polysilicon price declined below the cash cost of polysilicon manufacturers, and the entire polysilicon industry was in a comprehensive loss from the second quarter of 2024. Despite the continuous reduction in the cost of the Group's polysilicon products and the substantial improvement in quality, the Group's performance declined sharply and recorded losses in the first half of 2024. In view of the current supply and demand between upstream and downstream of the PV industry chain, the oversupply in the polysilicon market cannot be fundamentally improved in the short term, and it will take a certain period of time for the backward capacity to be phased out. In the face of increasingly fierce market competition, even if the polysilicon price rises after the phase-out of such capacity, the Group's profit margin will be also greatly narrowed as compared with previous years.

In order to safeguard the interests of the Company and its shareholders, there is an urgent need for the Group to deploy a new and stable profit contribution unit, improve the profit structure of the Group, reduce the adverse impact on the results of the Group caused by polysilicon market price fluctuations, and enhance the Group's operational resilience and risk resistance.

2. ***The thermal power generation industry in which the Target Company operates is an important support for the security of power supply in China.***

The North No. 1 Power Plant Project is a 2×660MW coal-fired power plant. Thermal power, including coal, has always been the dominant type of power supply in China. Based on the information published by the National Energy Administration, National Bureau of Statistics and China Electricity Council, at the end of 2023, the total installed power capacity in China reached 2.92 billion kW, with a compound growth rate of approximately 9.8% over the past five years, of which the installed capacity of thermal power was approximately 1.39 billion kW as at the end of 2023 (accounting for 47.6% of the total installed power capacity); and the total power generation in China reached 9.46 trillion kWh in 2023, with a compound growth rate of approximately 6% over the past five years, of which the thermal power generation was approximately 6.27 trillion kWh in 2023 (accounting for 66.3% of the total power generation), taking on more than 60% of the power generation task. Therefore, it will still occupy a dominant position in power supply and peak power generation, and serve as the "ballast" for safeguarding power security in China. Especially in the context of the rapid development of new energy, the fluctuation of intermittent energy such as wind power and PV power has brought greater challenges to the stable operation of the power grid, and the flexible adjustment ability of thermal power can balance the grid load, smooth the fluctuation of new energy and stabilize the power grid's operation. Therefore, taking into account the analysis of China's national conditions, the thermal power will continue to be an important support for China's power supply security for a long period of time in the future, playing an important role in supporting the "dual carbon" strategy, guaranteeing energy security and helping the stable operation of the power system.

3. The North No. 1 Power Plant Project is an auxiliary power supply for "Ultra- High Voltage Transmission (特高壓外送)" channel, which can contribute to long-term and stable revenue.

The North No. 1 Power Plant Project operated by the Target Company is an auxiliary power supply project of the Zhundong — Wannan Direct Current Project. The Zhundong — Wannan Direct Current Project, which has been put into operation since September 2019, is an ultra-high voltage direct current transmission project with the highest voltage level, the longest transmission distance and the largest transmission capacity worldwide. From 2021 to 2023, the Zhundong — Wannan Direct Current Project recorded electricity transmission of 55 billion kWh, 63.2 billion kWh and 62 billion kWh respectively to other areas, ranking first among the ultra-high voltage projects in China for three consecutive years.

The North No.1 Power Plant Project had a gross margin of approximately 54% in 2023 with a sound revenue level. Benefiting from the growth of electricity demand in East China and the steady improvement of transmission capacity of the Zhundong — Wannan Direct Current Project, as well as the resource location advantages of Zhundong coal — electricity base where the North No.1 Power Plant Project is located, even considering the implementation of the "dual carbon" strategy in the future and the gradual increase in the proportion of new energy generation, the on-grid electricity and revenue level of the North No. 1 Power Plant Project may decrease slightly but will remain stable. Coupled with the low cost of power generation, the North No. 1 Power Plant Project still will have good and stable economic benefits. The Target Company has distributed cumulative cash dividends of approximately RMB2.56 billion to its shareholders from the date of its incorporation to the Latest Practicable Date, and there were no declared but unpaid dividends as at Latest Practicable Date. Upon completion of the Acquisition, the Company will hold 49% of the equity interest in the Target Company, and the investment revenue from the Target

Company will be accounted and recognized by using the equity method. The Company will be entitled to stable cash dividends and therefore can partially offset the adverse impact of the polysilicon market downturn on the Group's profitability.

4. ***The Group possesses self-owned power plant and has professionals and rich experience in thermal power plant management, which enables it to secure profits by appointing director to participate in the management of the Target Company.***

The Group's polysilicon production base in Ganquanpu is equipped with a thermal power generation self-owned power plant, which has been put into operation since 2013 and contributes stable power energy to polysilicon production every year. The Group has a professional thermal power management team, which has the capability and experience in the operation of thermal power plants. Upon completion of the Acquisition, the Company will appoint a director to participate in the management of the Target Company, enabling the Company to control investment risks and support the sustainable and healthy development of the Target Company, thereby ensuring favorable investment returns for the Company.

Financial Impact of the Acquisition on the Company

Upon completion of the Acquisition, the Company will hold 49% of the equity interest in the Target Company, and the financial statements of the Target Company will not be consolidated into the financial statements of the Group. The North No. 1 Power Plant Project operated by the Target Company has sound and sustainable economic benefits. Upon completion of the Acquisition, the Group will account for the Target Company under the equity method and will realize better investment returns, which is conducive to further enhancing the Group's operational resilience and risk resistance, and facilitating the Group's healthy and sustainable development in the long term.

Board Confirmation

As certain Directors, namely Zhang Xin, Huang Hanjie and Yang Xiaodong, holds a position and/or an interest in TBEA and/or Xinjiang Tianchi, they are deemed to have a material interest in the Acquisition and are required to abstain from voting on the relevant Board resolutions. Save for the above Directors, none of the Directors is or is deemed to be materially interested in the Acquisition.

The Directors (including the Independent Non-executive Directors, after taking into account the recommendations from the Independent Financial Adviser) are of the view that the terms of the Equity Interest Transfer Agreement are determined after arm's length negotiations on normal commercial terms and the transaction contemplated thereunder is 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 Latest Practicable Date, 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 thus is 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 in the Target Company, the Target Company is also an associate of TBEA and a connected person of the Company. Therefore, the Acquisition contemplated under the Equity Interest Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition is subject to the announcement requirement under Chapter 14 of the Listing Rules and the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

B. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all independent non-executive Directors) has been formed to advise the Independent Shareholders on the Equity Interest Transfer Agreement and the transaction contemplated thereunder. The members of the Independent Board Committee are Mr. Cui Xiang, Mr. Chen Weiping and Mr. Tam, Kwok Ming Banny. Kingsway Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Equity Interest Transfer Agreement and the transaction contemplated thereunder 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, R&D Building, No. 2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi, Xinjiang, the PRC on Friday, 10 January 2025 at 11:00 a.m., to consider and, if thought fit, to approve the Equity Interest Transfer Agreement and the transaction contemplated thereunder. The notice of the EGM and a form of proxy for use at the EGM are 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 Equity Interest Transfer Agreement at the EGM. As at the Latest Practicable Date, TBEA holds directly and indirectly approximately 64.52% in aggregate of the total issued share capital of the Company, including 921,286,161 Domestic Shares and 1,223,200 H Shares held through TBEA (HONGKONG) CO., LIMITED ("**TBEA (HONGKONG)**"), and is the Controlling Shareholder and a Connected Person of the Company. As such, TBEA Group shall abstain from voting on the resolution on the entering into of the Equity Interest Transfer Agreement at the EGM.

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

In order to determine Shareholders who are eligible to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 9 January 2025 to Friday, 10 January 2025, both days inclusive, during which period no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Company on Friday, 10 January 2025 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 Wednesday, 8 January 2025 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, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and for holders of Domestic Shares, the form of proxy should be returned to the Company's Board secretary office, at No. 399, South Changchun Road, New Downtown, Urumqi, Xinjiang, the PRC, in person or by post not less than 24 hours before the time fixed for holding the EGM (i.e. no later than 11 a.m. on Thursday, 9 January 2025) or any adjourned meeting thereof.

Shareholders may, by completing the form of proxy of the Company, appoint one or more proxies (whether he/she/it is a Shareholder) to attend and vote at the EGM (or any adjournment thereof) on his/her/its behalf. The proxy needs not be a Shareholder.

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 the Directors or any other person duly authorised by that corporate Shareholder as required by the articles of association of the Company.

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 of the Company.

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 he/she/its votes in the same manner.

E. RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on page 18 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 19 to 30 of this circular, considers that the Equity Interest Transfer Agreement and the transaction contemplated thereunder are in the interests of the Company and the Shareholders as a whole 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 ordinary resolution to be proposed at the EGM to approve the Equity Interest Transfer Agreement and the proposed transaction contemplated thereunder.

F. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices 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)

23 December 2024

To the Independent Shareholders

Dear Sir or Madam,

ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY

We refer to the circular issued by the Company to the Shareholders dated 23 December 2024 (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 Equity Interest Transfer Agreement and the transaction contemplated thereunder and to advise the Independent Shareholders in respect of the Equity Interest Transfer Agreement and the transaction contemplated thereunder. Kingsway 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 the Independent Financial Adviser as set out in their letter of advice, we are of the opinion that despite the entering into the Equity Interest Transfer Agreement and the transaction contemplated thereunder was not in the ordinary and usual course of business of the Group, the Acquisition, the terms of the Equity Interest Transfer Agreement and the transaction contemplated thereunder are (i) on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Equity Interest Transfer Agreement and the transaction contemplated thereunder are 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 Equity Interest Transfer Agreement and the transaction contemplated thereunder at the EGM.

Yours faithfully,
Independent Board Committee
Mr. Cui Xiang, Mr. Chen Weiping and Mr. Tam, Kwok Ming Banny
Independent non-executive Directors

The following is the letter of advice from Kingsway Capital Limited to the Independent Board Committee and the Independent Shareholders prepared related to the connected transactions for the purpose of inclusion in this circular.

SUNWAH KINGSWAY
新華滙富

23 December 2024

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

Dear Sirs,

CONNECTED TRANSACTION
AND DISCLOSEABLE TRANSACTION
ACQUISITION OF EQUITY INTEREST
IN THE TARGET COMPANY

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the equity interest transfer agreement dated 6 December 2024 entered into among the Company, 新疆天池能源有限責任公司 (Xinjiang Tianchi Energy Co., Ltd.*) and 新疆准東特變能源有限責任公司 (Xinjiang Zhundong TBEA Energy Co., Ltd.*) (the "**Target Company**") in relation to the acquisition of 49% of the equity interest in the Target Company, 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 23 December 2024 (the "**Circular**") to the Shareholders, of which this letter forms part. Unless specified otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

Reference is made to the announcement of the Company dated 6 December 2024 in relation to, amongst others, connected transactions in relation to acquisition of 49 % of the equity interests in the Target Company under the Equity Interest Transfer Agreement. Upon completion in the Acquisition, the Company will hold 49% of the equity interest in 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 from the Target Company will be accounted and recognized by the Company using the equity method.

As at the Latest Practicable Date, 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 thus is 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 in the Target Company, the Target Company is also an associate of TBEA and a connected person of the Company under the Listing Rules. Therefore, the Acquisition contemplated under the Equity Interest Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition is subject to the announcement requirement under Chapter 14 of the Listing Rules and the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Cui Xiang, Mr. Chen Weiping and Mr. Tam, Kwok Ming Banny (all being the independent non-executive Directors), has been established to advise the Independent Shareholders as to matters related to the transaction contemplated under the Equity Interest Transfer Agreement. We, Kingsway Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We are independent pursuant to Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition. 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 our independence. Within the two years prior to the Latest Practicable Date, we have acted as independent financial adviser to the independent shareholders of the Company in relation to continuing connected transaction and connected transaction of the Company, details of which are set out in the circulars of the Company dated 24 April 2023 and 14 November 2023. Apart from normal professional fees paid to us in connection with the aforesaid appointments, no arrangements exist whereby we have received any fees or benefits from the Company or any other party to the transactions during the two years prior to the Latest Practicable Date, therefore we consider such relationship would not affect our independence.

BASIS OF OUR OPINION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information and representations provided by the Directors and the management of the Company, for which they are solely and wholly responsible for are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so as at the date of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the management of the Company in the Circular were reasonably made after due enquires and careful consideration by the Directors and the management of the Company and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We have also assumed that the information referred to in the Circular will continue to be true, accurate and complete as at the date of the Circular and if there is any material change of information in the Circular up to the date of the EGM, we will inform the Shareholders as soon as practicable. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company nor have we conducted any independent investigation into the business, financial conditions and affairs or the prospect of the Group or any of their associates.

The Directors have collectively and individually accepted full responsibility for all information given with regard to the Company including particulars given in compliance with the Listing Rules. The Directors have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, the information contained in the 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 the Circular misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with the Equity Interest Transfer Agreement, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

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

Information of the Company

The Company is a leading global polysilicon manufacturer of polysilicon and a developer and operator of wind power and PV resources. The Company's main business include the production of polysilicon and the provision of engineering and construction contracting and operating services for PV and wind power projects, as well as the manufacture of supporting equipment (mainly inverters, flexible direct current transmission converter valves and static VAR generators) which are used in the Company's engineering and construction contracting business or sold to independent third parties.

The table below sets forth a summary of the financial highlights of the Group for the two years ended 31 December 2023 and six months ended 30 June 2023 and 2024 as extracted from the annual report of the Group for the year ended 31 December 2023 (the "**2023 Annual Report**") and the interim report of the Group for the six months ended 30 June 2024 (the "**2024 Interim Report**"):

	For the year ended 31 December		**For the six months ended 30 June**	
	2022	**2023**	**2023**	**2024**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
	(Adjusted)	*(Audited)*	*(Unaudited)*	*(Unaudited)*
Revenue from main business	36,831,400	30,751,796	17,586,900	11,743,104
Net profit/(loss) attributable to shareholders of the listed company	13,314,828	4,345,035	4,758,969	(887,017)

Comparison between the six months ended 30 June 2023 and 2024

The total revenue of the Group from main businesses decreased from approximately RMB17,587 million for the six months ended 30 June 2023 to approximately RMB11,743 million for the six months ended 30 June 2024, representing a decrease of approximately 33.2%. According to the 2024 Interim Report and discussion with the management of the Company, the decrease of total revenue of the Group from main businesses was mainly attributable to the significant decline in the price of polysilicon.

The net profit attributable to shareholders of the listed company decreased from profit of approximately RMB4,759 million for the six months ended 30 June 2023 to loss of RMB887 million for the six months ended 30 June 2024. According to the 2024 Interim Report and discussion with the management of the Company, the decrease was mainly due to the significant decrease in the Group's profit as a result of a significant decrease in the sales prices of polysilicon.

Comparison between the years ended 31 December 2022 and 2023

The total revenue of the Group from main businesses decreased from approximately RMB36,831 million for the year ended 31 December 2022 to approximately RMB30,752 million for the year ended 31 December 2023, representing a decrease of approximately 16.5%. According to the 2023 Annual Report and discussion with the management of the Company, the decrease of total revenue of the Group from main businesses were mainly due to (i) the significant decrease of approximately 60% in the average selling price of polysilicon although the sales in polysilicon increased by approximately 90%; and (ii) a slight decline in the business scale of the Group's wind and PV power station construction, and an increase in owners' pure construction bidding and equipment designated procurement models, resulting in a decrease in per-watt revenue from power station construction.

The net profit attributable to shareholders of the listed company decreased from approximately RMB13,315 million for the year ended 31 December 2022 to RMB4,345 million for the year ended 31 December 2023, representing a decrease of approximately 67.4%. According to the 2023 Annual Report and discussion with the management of the Company, the decrease was mainly due to the significant decrease in the Group's profit as a result of a significant decrease in the sales prices of polysilicon.

Information of Xinjiang Tianchi

Xinjiang Tianchi is a company incorporated in the PRC with limited liability on 29 November 2002 and is a subsidiary of TBEA. As at the Latest Practicable Date, 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 the equity interest in Xinjiang Tianchi. The principal businesses of Xinjiang Tianchi are the mining and sales of coal, generation and sales of electricity and heat.

Information of the Target Company

The Target Company is a company incorporated in the PRC with limited liability on 25 September 2013 and is a wholly-owned subsidiary of Xinjiang Tianchi as at the Latest Practicable Date. The sole business invested by the Target Company is the North No. 1 Power Plant Project, which was put into operation in October 2019. The main businesses of the Target Company are thermal power generation through coal, the production and sales of heat and steam.

According to the audited financial information, the total assets and net assets of the Target Company as at 31 August 2024 are approximately RMB4,048.00 million and RMB1,689.49 million, respectively. Please refer to the Letter from the Board for the detail of the profitability of the Target Company.

2. Background, reasons and benefits of the Acquisition

Background

As stated in the Letter from the Board, since the second half of 2023, affected by the slowdown in the growth rate of PV terminal installations and the substantial increase in the supply of polysilicon, there has been an imbalance between supply and demand in the PV industry chain, and the price of polysilicon has irrationally fallen. In April 2024, the polysilicon price declined below the cash cost of all polysilicon manufacturers, and the entire polysilicon industry was in a comprehensive loss in the second quarter of 2024. Despite the continuous reduction in the cost of the Group's polysilicon products and the substantial improvement in quality, the Group's performance declined sharply and recorded losses in the first half of 2024. In view of the current supply and demand between upstream and downstream of the PV industry chain, the oversupply in the polysilicon market cannot be fundamentally improved in the short term, and it will take a certain period of time for the backward capacity to be phased out. In the face of increasingly fierce market competition, even if the polysilicon price rises after the phase-out of such capacity, the profit margin will be also greatly narrowed as compared with previous years. In order to safeguard the interests of the Company and its shareholders, there is an urgent need for the Group to deploy a new and stable profit contribution unit, improve the profit structure of the Group, reduce the adverse impact on the results of the Group caused by polysilicon market price fluctuations, and enhance the Group's operational resilience and risk resistance.

Reasons and benefits of the Acquisition

Diverse business portfolio

According to the Letter from the Board, thermal power has always been the dominant type of power supply in China. As at the end of 2023, the total installed power capacity in China reached 2.92 billion kW, with a compound growth rate of approximately 9.8% over the past five years, of which the installed capacity of thermal power was approximately 1.39 billion kW as at the end of 2023 (accounting for 47.6% of the total installed power capacity); and the total power generation in China reached 9.46 trillion kWh in 2023, with a compound growth rate of approximately 6% over the past five years, of which the thermal power generation was approximately 6.27 trillion kWh in 2023 (accounting for 66.3% of the total power generation), taking on more than 60% of the power generation task. Therefore, it will still occupy a dominant position in power supply and peak power generation, and serve as the "ballast" for safeguarding power security in China. Especially in the context of the rapid development of new energy, the fluctuation of intermittent energy such as wind power and PV power has brought greater challenges to the stable operation of the power grid, and the flexible adjustment ability of the thermal power can balance the grid load, smooth the fluctuation of new energy and stabilize the power grid's operation.

According to the industry figure published by the National Bureau of Statistics of the PRC (**www.stats.gov.cn**) and the China Electricity Council (**www.cec.org.cn**), the electricity consumption in the PRC was 9,224 million MWh in 2023 while clean energy consumption to the total electricity consumption was approximately 26.4% in 2023. Clean energy consumption to the total electricity consumption increased from approximately 23.3% in 2019 to approximately 26.4% in 2023.

Having considered that (i) thermal power contributed over 60% of the total power generated in the PRC in 2023, (ii) clean energy consumption is still not a majority of the total power consumption in the PRC although it is in an increasing trend, and (iii) thermal power provides energy security and maintains a stable supply of energy as it may not be easily affected by environmental factors, we concur with the view of the Director that thermal power will continue to be an important support for China's power supply security.

Long-term and stable profitability

As stated in the Letter from the Board, the North No. 1 Power Plant Project operated by the Target Company is an auxiliary power supply project of Zhundong – East China (Wannan) ±1,100 KV Ultra-High Voltage Direct Current Transmission Project (准東至華東(皖南) ±1100千伏特高壓直流輸電工程) (the "**Zhundong – Wannan Direct Current Project**"). The Zhundong – Wannan Direct Current Project, which has been put into operation since September 2019, is an ultra-high voltage direct current transmission project with the highest voltage level, the longest transmission distance and the largest transmission capacity worldwide. From 2021 to 2023, the Zhundong – Wannan Direct Current Project recorded electricity transmission of 55 billion kWh, 63.2 billion kWh and 62 billion kWh respectively to other areas, ranking first among the ultra-high voltage projects in China for three consecutive years.

As discussed with the management of the Company, the Target Company commenced operation in October 2019 and it maintains profit-making since 2019. According to the feasibility report of the North No.1 Power Plant Project, the North No.1 Power Plant Project can generate revenue over 20 years. In addition, as discussed with the management of the Company, the Target Company does not have (i) any material non-compliance, (ii) material interruption of the operation, and (iii) suspension of cooperation with State Grid Xinjiang Electric Power Co., Ltd..

Having considered the factors, including (i) the recent business development of Group, especially the slowdown in the growth rate of PV terminal installations and the substantial increase in the supply of polysilicon; (ii) diverse business portfolio of the Group; and (iii) long-term and stable profitability of the Target Company, we are of the view that although the acquisition of the Target Company is not conducted in the ordinary and usual course of business of the Group, the entering into the Equity Interest Transfer Agreement is reasonable and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Equity Interest Transfer Agreement

Parties

(a) The Company

(b) Xinjiang Tianchi

(c) The Target Company

Consideration

The consideration was determined to be RMB1,507,725,800 after arm's length negotiations with reference to the appraised value of the Target Company.

Based on the assessment of the valuer appointed by the Company (the "**Independent Valuer**"), the appraised value of the Target Company as at 31 August 2024 amounted to approximately RMB3,077.0 million.

In order to assess the basis in determining the Considerations, we have (i) reviewed the company brochure and track records provided by the Independent Valuer and were satisfied with their experience and expertise; (ii) confirmed with the Independent Valuer that there is no current or prior relationship with the Group, the Vendor, or their respective core connected persons, other than the engagement of appraisals in relation to the Target Company; and (iii) reviewed the terms of engagement and the scope of work of the Independent Valuer and considered that the scope of work is appropriate to the opinion required to be given and without any limitations on the scope of work which might adversely impact on the degree of assurance given by the Independent Valuer's report, opinion or statement.

We have also reviewed the Valuation Report prepared by the Independent Valuer and discussed with the Independent Valuer the methodology of and basis and assumptions adopted for the Valuation. The Independent Valuer has adopted the income approach for the valuation of the appraised value of the Target Company. Since the Target Company is profit-making and its future earnings is based on historical operating data, it is considered that the Target Company will have identifiable income stream. We have discussed with the Independent Valuer on whether they have considered the asset approach and market approach. However, the asset approach does not take into account of the future earning potential of the Target Company into consideration, while the market approach is not appropriate due to the difficulty in identifying sufficient market transactions as comparables. In this regard, we concur with the view of the Independent Valuer that the income approach to be most appropriate for valuing the Target Company as it considers the economic benefit generated by the Target Company.

The financial projections of the Target Company are as below:

(i) Revenue

Revenue of the Target Company is mainly divided into electricity sales, heat supply and gas supply.

Upon our review on the valuation model, we noted that there is no material difference between the amount of the historical revenue and the forecasted revenue.

(ii) Production costs

Production coast mainly consist of power costs, labor cost and manufacturing costs.

Upon our review on the valuation model, we noted that there is no material difference between the amount of the historical costs and the forecasted costs.

(iii) Enterprise income tax, urban maintenance and construction tax and surtax

According to financial projection, enterprise income tax rate is applied as 15%. Urban maintenance and construction tax rate is applied as 5% and surtax rate is applied as aggregate of 5%.

We have review the audited report of the Target Company and noted that the applicable tax rates are in line with the tax rates adopted in the audited report.

(iv) Surplus assets and non-operating assets

In calculating the surplus assets and non-operating assets, mainly cash and cash equivalent and the net value of the fixed assets as at 2039 are calculated which we consider reasonable.

(v) Discount rate

As stated in the Valuation Report, the discount rate used in the Valuation was derived from the capital asset pricing model ("**CAPM**"). Set out below are the major components in calculating the CAPM:

(a) Risk-free rate of return

The risk free rate is 2.41% which is the yield on 10 years long term treasury bonds issued by the PRC government.

(b) Risk coefficient (β)

By considering the comparability between the Target Company and the comparable companies in terms of business type, enterprise scale, profitability, growth, industry competitiveness, enterprise development stage and other stages, appropriate comparable companies were selected. Using the SSE Composite Index as the benchmark index, and based on data from the RoyalFlush iFinD Information Financial Terminal, the estimation was made using market prices as at 31 August 2024. The calculation period spans 250 weeks prior to 31 August 2024, resulting in an estimated β for the stock risk coefficient of the comparable companies. As confirmed by the Independent Valuer, it is commonly used by valuers, consultants, and analysts for calculation. Thus, we consider the source of information is reliable. The average value of these estimates was used as the expected market risk coefficient (β) for the Target Company, which is 1.4333. For the details comparable companies, please refer to the summary of the valuation report in the Appendix II in the Circular.

(c) Equity risk premium

Equity risk premium is 5.82% which is determined with the Shanghai Composite Index and Shenzhen Composite Index as at 31 August 2024. As confirmed by the Independent Valuer, it is commonly used by valuers, consultants, and analysts for calculation. Thus, we consider the source of information is reliable.

(d) Enterprise-specific risk adjustment coefficient

The enterprise-specific risk adjustment coefficient is 3% to accommodate with the uncertainty arisen from the financial projection since it might not be accurately reflect the future profit from the business.

Based on our review on the Valuation Report and our discussion with the Independent Valuer regarding the basis, assumptions and methodology of the Valuation, (i) the basis, assumptions and methodology are generally adopted in similar valuation activities and are necessary to arrive at a reasonable estimated value of the Target Company; and (ii) there is no material facts which may lead us to doubt the principal basis, assumptions adopted for or the methodology used in the Valuation. In view of the above, we are satisfied that the Valuation Report and the Valuation are fair and reasonable.

Payment

The Company will complete the payment in monetary funds within 15 business days after the Equity Interest Transfer Agreement becomes effective.

We have reviewed the 2024 Interim Report and note the cash and cash equivalents of approximately RMB7,750.01 million as at 30 June 2024 which is sufficient to settle the payment.

Having considered that (i) entering into the Equity Interest Transfer Agreement is in line with the business strategy of the Group; and (ii) the Consideration is determined with the appraised value of the Target Company as assessed by the Independent Valuer, we are in the view that the terms of Equity Interest Transfer Agreement is fair and reasonable.

4. Financial impact of the Acquisition on the Group

As stated in the Letter from the Board, upon completion of the Acquisition, the Company will hold 49% of the equity interest in the Target Company, and the financial statements of the Target Company will not be consolidated into the financial statements of the Group. The investment revenue from the Target Company will be accounted and recognized by the Group using the equity method, which is conducive to further enhancing the Group's operational resilience and risk resistance, and facilitating the Group's healthy and sustainable development in the long term.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that although Equity Interest Transfer Agreement is not entered into in the ordinary and usual course of business of the Company, the terms of Equity Interest Transfer Agreement is on normal commercial terms, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions in this regard.

Yours faithfully,
For and on behalf of
Kingsway Capital Limited

Stanley Chung	**Jack Wan**
Managing Director	*Responsible officer*

Note:

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. Mr. Jack Wan is a responsible officer of type 6 (advising on corporate finance) regulated activity and has more than nine years of experience in corporate finance and investment banking. Both Mr. Stanley Chung and Mr. Jack Wan have participated in and completed various advisory transactions (including connected transactions of listed companies in Hong Kong).

*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 AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES 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 executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) 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 C3 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	86,759,908 Domestic Shares	6.07%	8.23%	Long position
	Beneficial owner	TBEA[(4)]	528,324 shares	0.01%	N/A	Long position
	Interest in a controlled corporation[(5)]	TBEA[(4)]	581,077,428 shares	11.50%	N/A	Long position
Mr. Huang Hanjie	Beneficial owner	TBEA[(4)]	1,622,734 shares	0.03%	N/A	Long position
Mr. Zhang Jianxin	Interest in a controlled corporation[(6)]	The Company	15,955,000 Domestic Shares	1.12%	1.51%	Long position

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
Mr. Yang Xiaodong	Beneficial owner	TBEA(4)	1,638,000 shares	0.03%	N/A	Long position
Mr. Hu Weijun	Beneficial owner	TBEA(4)	31,000 shares	0.00%	N/A	Long position
Supervisors						
Mr. Han Shu	Beneficial owner	TBEA(4)	1,375 shares	0.00%	N/A	Long position
Mr. Hu Shujun	Beneficial owner	TBEA(4)	90,189 shares	0.00%	N/A	Long position
Mr. Guo Hao	Beneficial owner	TBEA(4)	70,000 shares	0.00%	N/A	Long position

Notes:

(1) The calculation is based on the total number of 5,052,792,571 shares of TBEA in issue and the total number of 1,430,000,000 Shares of the Company in issue as at the Latest Practicable Date.

(2) The calculation is based on the total number of 1,053,829,244 Domestic Shares of the Company in issue as at the Latest Practicable Date.

(3) Mr. Zhang Xin directly holds 40.08% equity interest in Xinjiang Tebian and 24.04% equity interest in Xinjiang Tebian through Tianjin Hongyuan Innovation Enterprise Management Co., Ltd.* (天津宏遠創新企業管理有限公司), which is wholly-owned by Mr. Zhang Xin. As Xinjiang Hongyuan Innovation Enterprise Management Co., Ltd.* (新疆宏遠創新企業管理有限公司) ("**Xinjiang Hongyuan**"), in which he holds 70% equity interest, acts as a general partner of Xinjiang Xingze Enterprise Management Limited Partnership* (新疆興則企業管理有限合夥企業) ("**Xinjiang Xingze**"), Mr. Zhang Xin is also deemed to be interested in the 32.95% equity interest in Xinjiang Tebian held by Xinjiang Xingze under the SFO. Xinjiang Tebian held 83,863,108 Domestic Shares of the Company as at the Latest Practicable Date; Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.* (新疆遠卓企業管理諮詢有限公司), a wholly-owned subsidiary of Xinjiang Tebian, holds 2,896,800 Domestic Shares of the Company. Therefore, Mr. Zhang Xin holds approximately 6.07% of the total issued Shares of the Company through his interests in the controlled corporations.

(4) TBEA is the Company's Controlling Shareholder and therefore an associated corporation of the Company. As at Latest Practicable Date, TBEA held 921,286,161 Domestic Shares (approximately 87.42% of the relevant class of Shares) of the Company, and TBEA (HONGKONG) CO., LIMITED, a wholly-owned subsidiary of TBEA, held 1,223,200 H Shares (approximately 0.33% of the relevant class of Shares) of the Company, which in total accounted for approximately 64.52% of the total number of issued Shares of the Company.

(5) Mr. Zhang Xin directly holds 40.08% equity interest in Xinjiang Tebian and 24.04% equity interest in Xinjiang Tebian through Tianjin Hongyuan Innovation Enterprise Management Co., Ltd.* (天津宏遠創新企業管理有限公司), which is wholly-owned by Mr. Zhang Xin. As Xinjiang Hongyuan, in which he holds 70% equity interest, acts as a general partner of Xinjiang Xingze, Mr. Zhang Xin is also deemed to be interested in the 32.95% equity interest in Xinjiang Tebian held by Xinjiang Xingze under the SFO, and Xinjiang Tebian directly holds 581,077,428 shares of TBEA.

(6) Mr. Zhang Jianxin is a limited partner of Tianjin Xinte Kangrong Enterprise Management Partnership (Limited Partnership)* (天津新特康榮企業管理合夥企業(有限合夥)) ("**Xinte Kangrong**") and holds 45.87% interest in it, so he is deemed to be interested in the 2,180,000 Domestic Shares of the Company held by Xinte Kangrong; in addition, Mr. Zhang Jianxin is the general partner of 5 partnership enterprises (namely Tianjin Xinte Tongxin Enterprise Management Partnership (Limited Partnership)* (天津新特同心企業管理合夥企業(有限合夥)), Tianjin Xinte Chengxin Enterprise Management Partnership (Limited Partnership)* (天津新特誠信企業管理合夥企業(有限合夥)), Tianjin Xinte Zhuocheng Enterprise Management Partnership (Limited Partnership)* (天津新特卓誠企業管理合夥企業(有限合夥)), Tianjin Xinte Green Energy Enterprise Management Partnership (Limited Partnership)* (天津新特綠能企業管理合夥企業(有限合夥)) and Tianjin Xinte Innovation Enterprise Management Partnership (Limited Partnership)* (天津新特創新企業管理合夥企業(有限合夥))). Mr. Zhang Jianxin (as the general partner) is deemed to be interested in the total 13,775,000 Domestic Shares of the Company held by the aforesaid 5 partnership enterprises under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, supervisors and chief executives 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, 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 for Securities Transactions by Directors of Listed Issuers.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, and to the best knowledge of the Directors of the Company, the following persons (other than the Directors, supervisors or chief executives 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 and had been entered in the register 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	921,286,161	87.42%	64.43%	Long position
	Interest in a controlled corporation(2)	H Shares	1,223,200	0.33%	0.09%	Long position
					64.52%	
Xinjiang Tebian	Beneficial owner	Domestic Shares	83,863,108	7.96%	5.86%	Long position
	Interest in a controlled corporation(3)	Domestic Shares	2,896,800	0.27%	0.20%	Long position
					6.07%	
Shanghai Ningquan Asset Management Co., Ltd.* (上海寧泉資產管理有限公司)	Investment manager	H Shares	41,520,000	11.04%	2.90%	Long position

Notes:

(1) The calculation is based on the total number of 1,430,000,000 Shares of the Company in issue as at the Latest Practicable Date, in which 376,170,756 are H Shares and 1,053,829,244 are Domestic Shares.

(2) TBEA indirectly holds 1,223,200 H Shares through its wholly-owned subsidiary, TBEA (HONGKONG) CO., LIMITED.

(3) Xinjiang Tebian indirectly holds 2,896,800 Domestic Shares through its wholly-owned subsidiary, Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.* (新疆遠卓企業管理諮詢有限公司).

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 executives 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 had been entered in the register required to be 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	TBEA
Mr. Huang Hanjie	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 does not expire or is not terminable within one year without payment of compensation (other than statutory compensation).

7. MATERIAL LITIGATION

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

As at the Latest Practicable Date, the Directors confirm that save for the significant decrease in polysilicon sales price due to the impact of supply and demand in the PV market, there was no material adverse change in the financial or trading position of the Group since 31 December 2023, being 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 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 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

10. QUALIFICATION OF EXPERTS AND CONSENTS

The following sets out the qualifications of the expert who has given its opinions or advise as contained in this circular:

Name	Qualification
Kingsway Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
SHINEWING Certified Public Accountants LLP (信永中和會計師事務所(特殊普通合夥))	Certified Public Accountants
Beijing Shengming Assets Appraisal Co., Ltd. (北京晟明資產評估有限公司)	Independent Valuer

(a) As at the Latest Practicable Date, each of the abovementioned experts do not have any beneficial interest in the share capital of any member of the Group, or any 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, each of the abovementioned experts have given, and has not withdrawn their 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, each of the abovementioned experts do not have any interest in any assets which have been since 31 December 2023 (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 ON DISPLAY

A copy of the Equity Interest Transfer Agreement will be published on the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**www.xinteenergy.com**) for a period of 14 days from the date 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. 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. Chan Yin Wah. Ms. Chan Yin Wah is an associate director of SWCS Corporate Services Group (Hong Kong) Limited and a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Chan Yin Wah is also a fellow member of the Association of Chartered Certified Accountants.

(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 Chinese text of this circular shall prevail over the English text in the event of inconsistency.

* *For identification purpose only*

1. VALUATION SUBJECT AND VALUATION SCOPE

The valuation subject is the value of the total shareholders' equity of the Target Company as at 31 August 2024 (the "**Valuation Benchmark Date**").

The valuation scope covers all the assets and liabilities of the Target Company in the valuation scope as at the Valuation Benchmark Date. As at the Valuation Benchmark Date, the audited book value of total assets of the Target Company was RMB4,048,000,300; the book value of liabilities of the Target Company was RMB2,358,514,600 and the book value of net assets of the Target Company was RMB1,689,485,700. Among them, current assets of the Target Company amounted to RMB959,906,500 and non-current assets of the Target Company amounted to RMB3,088,093,800; current liabilities of the Target Company amounted to RMB788,737,000 and non-current liabilities of the Target Company amounted to RMB1,569,777,600.

The above information on assets and liabilities is extracted from the financial statement of the Target Company for the eight months ended 31 August 2024, audited by Urumqi Branch of SHINEWING Certified Public Accountants LLP. The valuation was carried out based on the audited financial statement of the Target Company.

2. PRINCIPAL ASSUMPTIONS

(1) Basic Assumptions

1) Transaction assumption: Assuming that all assets to be valued are in the course of transaction and the valuation performed by the Valuer is based on comparable market including terms of transaction of the valued assets.

2) Open market assumption: Open market assumption is an assumption on the conditions of the market that the assets are intended to enter and how the assets will be affected under such market conditions. Open market refers to the fully developed and sound market conditions, which is a competitive market with voluntary purchasers and sellers, and in which purchasers and sellers are of equal standing and have opportunities and time to get access to sufficient market information; and parties to the transaction trade voluntarily, rationally, without duress or restriction.

3) Continuous use of assets assumption: Continuous use assumption is an assumption on the conditions of the market that the assets are intended to enter and the status of the assets under such market conditions. It is assumed that, firstly, the valued assets are under use, and secondly, the assets under use will be used continuously. Under the

continuous use assumption, since the change of usage or the optimal utilization conditions of the assets are not taken into account, thus the scope of use of the valuation result is limited.

4) Continuing operation assumption: It is an assumption for valuation made by considering the entire assets of the enterprise as the valuation target. That means the enterprise, as a business entity, continues to operate towards its business goals under the external environment it is in. It is assumed that the operators of the enterprise are responsible for and capable of taking up obligations; the enterprise operates in a lawful manner and makes appropriate profit to maintain the ability to operate continuously.

(2) General Assumptions

1) It is assumed that there are no major changes in the national macro-economic situations and the relevant current laws, regulations and policies; there are no significant changes in the political, economic and social environment in the regions where the parties to this transaction are located.

2) It is assumed that the Target Company continues to operate in respect of the actual conditions of the assets as at the Valuation Benchmark Date.

3) It is assumed that the operators of the Target Company are responsible and that the management of the Target Company is capable of fulfilling their duties.

4) It is assumed that the industry in which the Target Company operates its businesses maintains a trend of stable development and there are no significant changes in industry policies, management systems and related regulations.

5) Unless otherwise stated, it is assumed that the Target Company fully complies with all relevant laws and regulations.

6) It is assumed that the accounting policies adopted in the future by the Target Company are generally consistent with the accounting policies adopted in the preparation of the Valuation Report in all material aspects.

7) There are no material changes in the interest rates, exchanges rates, tax bases and rates, policy-based levies, etc.

8) It is assumed that, on the basis of the existing management approach and standards of the Target Company, the business scope and approach in the future are in line with the current direction.

9) It is assumed that there are no other force majeure or unforeseeable factors that may give rise to material adverse impacts on the Target Company.

10) It is assumed that the Target Company has balanced cash inflows and cash outflows after the Valuation Benchmark Date.

11) It is assumed that the Target Company's future annual electricity prices remain the same as at present.

(3) Special Assumptions

1) This valuation is subject to the specific valuation purposes set out in the Valuation Report.

2) Every asset for this valuation is premised on the actual inventory as of the Valuation Benchmark Date, and the current market value of the relevant assets is based on the effective domestic prices as of the Valuation Benchmark Date.

3) In this valuation, it is assumed that all basic information and financial information provided by the client and the Target Company are true, correct and complete.

4) During the future operating period, the Target Company will not materially change its business scope and mode, and its structure of principal businesses, income and cost composition; and the Target Company's future business sales strategies and cost control will remain the same as their status in the last few years without significant changes. The management's business plan and additional investment will be realized as scheduled.

3. SCOPE OF WORK

In conducting this valuation, the Valuer has performed the following:

1) Co-ordinated with the representatives of the Company and the Target Company to obtain the necessary information and documents for valuation;

2) Gathered the relevant information of the Target Company, including the legal documents, financial statements, etc.;

3) Discussed with the Company and the Target Company to understand the history, business model, operation, business development plans, etc. of the Target Company for valuation purpose;

4) Carried out research in the relevant sectors and collected the relevant information from reliable sources for analysis;

5) Studied the available information of the Target Company and considered the basis and assumptions of valuation conclusion; and

6) Selected an appropriate valuation method to analyze the relevant data; estimated the value of the total shareholders' equity of the Target Company as at the Valuation Benchmark Date and prepared the Valuation Report.

4. VALUATION APPROACHES AND VALUATION ANALYSIS

According to the requirements of the asset valuation standards, when conducting enterprise valuation, the Valuer shall consider the applicability of the three basic approaches, namely the asset-based approach, the income approach and the market approach, according to the valuation purpose, the valuation subject, the type of value and the information collection to choose the valuation approach.

The asset-based approach refers to the valuation approach in which, based on the balance sheet of the valuation subject on the Valuation Benchmark Date, the value of on-balance sheet and identifiable off-balance sheet assets and liabilities of the enterprise shall be reasonably evaluated so as to determine the value of the valuation subject. The income approach refers to the valuation approach in which the expected income shall be capitalized or discounted so as to determine the value of the valuation subject. The market approach refers to the valuation approach in which the valuation subject shall be compared with comparable listed companies or comparable transaction cases so as to determine the value of the valuation subject.

As there are few cases of similar equity transaction in China, or although there are similar cases, it is difficult to collect information, such as the transaction background and comparable factors etc., and it is difficult to quantify the impacts of comparable factors on the enterprise value. It is also difficult to find information on comparable companies in the capital market that are similar to the Target Company in terms of asset size and structure, scope of operation and profitability, and therefore the market approach is not applicable to this valuation. The asset-based approach evaluates the fair market value of assets from the perspective of asset replacement, it can only reflect the value of the Target Company's assets, but the asset-based approach cannot comprehensively and reasonably reflect the profitability of the assets and the growth of the enterprise, and cannot cover the value of intangible assets such as contracts in execution, customer resources, patents, goodwill, human resources, etc. On the other hand, the income approach appraises the value of the Target Company by discounting the expected future earnings, which not only considers the assets of the Target Company measured in accordance with accounting principles, but also considers the resources actually owned or controlled by the enterprise that cannot be reflected in the balance sheet, such as contracts in execution, customer resources, sales network, potential projects, enterprise qualifications, human resources, etc. The contributions of these resources are reflected in the net cash flow of the Target Company. Therefore, the valuation conclusion under the income approach can better reflect the overall profitability and growth of the Target Company, and the Target Company has the basis and conditions for continuing operation and the future returns and risks can be predicted and quantified. Therefore, the income approach was finally selected for this valuation.

5. VALUATION MODEL AND INPUT PARAMETERS

(1) Overview

In accordance with the purpose of this valuation, coupled with relevant regulations of the PRC and the Practice Standards for Asset Appraisal – Enterprise Value, the discounted cash flow (DCF) method has been adopted to estimate the value of the equity capital according to the income approach.

DCF method is a method to appraise the enterprise value by converting the expected future cash flow of the enterprise into the present value. That is, by estimating the expected future cash flow of the enterprise and adopting the appropriate discount rate, the expected cash flow is converted into the present value to obtain the enterprise value. The basic conditions for its application are that the enterprise has the basis and conditions for continuous operation; there is a relatively stable corresponding relationship between operation and income, and future income and risk can be predicted and quantified. The key in using the discounted cash flow approach lies in the forecast of expected future cash flow, as well as the objectivity and reliability of data collection and processing. When the forecast of the expected future cash flow is relatively objective and fair and the selection of the discount rate is relatively reasonable, the valuation result will be more objective and will be easily accepted by the market.

(2) Valuation Concept

According to the due diligence of this valuation as well as the asset composition and business operation characteristics of the Target Company, the basic concept of this valuation is to estimate the value of the total shareholders' equity of the Target Company on the basis of its audited financial statements. That is, first of all, the DCF method is adopted to estimate the value of the operating assets of the Target Company by sources of revenue, and the value of the total shareholders' equity of the Target Company is reached after deducting the increase in working capital, principal and interest payments for repayment of debt capital and all capital expenditures required to maintain the projected cash flow growth.

(3) Valuation Model

1) Basic model

$E = P + C_1 + C_2$ *Formula 1*

Wherein:

E: Value of total shareholders' equity;

P: Value of operating assets;

C_1: Value of surplus assets;

C_2: Appraised value of non-operating assets;

In particular, the appraised value of operating assets *(P)* in Formula 1 is derived according to the following formula:

$P = \Sigma_{t=1}^{n}[R_t \times (1 + r)^{-t}]$ *Formula 2*

Wherein:

R_t: Free cash flows of equity in period t of the explicit projection period;

t: Number of explicit projection period 1, 2, 3, …, n;

r: Discount rate;

2) Income indicator

In this valuation, the free cash flows of equity are used as an income indicator of operating assets, which is basically defined as: Free cash flows of equity = net profit + depreciation and amortization – increase in working capital – capital expenditure – repayment of principal of interest-bearing debt + new borrowings of interest-bearing debt

Based on the history of the industry in which the Target Company operates and the future market development, the free cash flows of equity in the designed operating life of 20 years are estimated. The free cash flow in the future operation period is discounted and added up to calculate the value of the operating assets of the Target Company.

3) Discount rate

In this valuation, the capital asset pricing model (CAPM) is selected to determine the discount rate r:

$$r = R_f + \beta \times ERP + R_c$$

Wherein:

R_f : Risk-free rate of return;

β: Risk coefficient;

ERP: Equity risk premium;

R_c: Enterprise-specific risk adjustment coefficient;

4) Valuation assumptions and parameters

According to the Valuation Report, as of the Valuation Benchmark Date, the valuation of the Target Company was RMB3,076,991,400. The key valuation assumptions and parameters for the valuation of the Target Company are set out below:

In 2023, the operating revenue of the Target Company was RMB1,982,142,400, and from January to August 2024, the operating revenue was RMB1,313,641,000, and the projected revenue will be within RMB1,744 million to RMB2,005 million during 2024 to 2039 (the "**Forecast Period**"). Affected by the national dual carbon policy, coal power plays a fundamental role in ensuring reliable power supply, system peak adjustment, bulk coal control and low-cost power and heat supply. With the rapid growth of the installations of new energy power generation, coal power generation indicators are being squeezed. While taking into account the regular maintenance plan of thermal power units, it is expected that the Target Company's compound annual reduction rate of power generation hours during the forecast period will be approximately 0.66%, and the on-grid electricity price will remain unchanged at the current level, the Target Company's operating income level during the forecast period is expected to show a certain degree of decline, and the compound annual reduction rate is expected to be approximately 1.55% during the Forecast Period.

The Target Company's revenue is mainly divided into electricity sales, heat supply, gas supply, etc. Its production costs mainly consist of power costs, labor, and manufacturing costs. The percentage of costs of the Target Company for the last two years and one period are set out below:

Items	**2022**		**2023**		**January to August 2024**	
	Amount: RMB'0,000	*Percentage*	*Amount: RMB'0,000*	*Percentage*	*Amount: RMB'0,000*	*Percentage*
Power costs	41,146.12	49.56%	38,988.66	43.43%	27,040.54	49.53%
Labor	6,690.81	8.06%	12,625.50	14.06%	5,875.30	10.76%
Manufacturing costs	35,182.55	42.38%	38,161.81	42.51%	21,680.30	39.71%
Total	83,019.49	100.00%	89,775.97	100.00%	54,596.14	100.00%

Based on the Target Company's average percentage of costs for the last two years and one period, among the production costs, power costs represented about 50%, and labor and manufacturing costs in aggregate represented about 50%, and the cost structure will maintain such trend for a long period in the future, of which labor costs are predicted based on the local average salary growth rate of 5.9% for the first five years of the forecast period, and will remain unchanged after 2029, and the power costs are predicted taking into account the average market price, the compound annual growth rate of operating costs is approximately 1.18%, and production cost is expected to represent 46% to 69% of the Project's revenue during the Forecast Period.

The Target Company realized a net profit of RMB778,862,700 in 2023 and RMB578,683,000 from January to August 2024. Take into account changes in the Target Company's operating income and operating costs over a long period of time in the future, it is also expected that: 1) the tax policy and the tax preference enjoyed by the Target Company will remain unchanged during the forecast period; 2) there will be a slight increase in research and development expenses and administrative expenses, which mainly include employees' remuneration which is predicted based on the local average salary growth rate of 5.9% for the first five years of the forecast period, and will remain unchanged after 2029; and 3) financial expenses are predicted in accordance with the

Target Company's current long-term loan repayment plan for fixed assets in conjunction with the bank loan contracts. With appropriate early repayment of part of the principal of the bank borrowings in subsequent years, it is expected that all interest-bearing debts will be fully repaid in 2034. The compound annual decrease rate of net profit is expected to be approximately 3.23% during the Forecast Period, and the Target Company's net profit margin during the Forecast Period will be within the range of 20.8% to 28.8%.

The discount rate is determined with reference to the Guidelines for Asset Valuation Expert Guideline No. 12 — Calculation of Discount Rates in Valuation of Enterprises by the Income Approach (《資產評估專家指引第12號 — 收益法評估企業價值中折現率的測算》) formulated by the China Appraisal Society. The discounted free cash flow model of equity is adopted, and CAPM is used to determine the discount rate.

(1) Determination of risk-free rate of return

This valuation was based on the assumption of continuing operation, and the revenue period of the Target Company is 20 years. The yield of 10-year treasury bonds is used as the risk-free interest rate in this valuation, i.e., $R_f = 2.41\%$.

(2) Determination of equity risk premium

The equity risk premium is defined as the difference between the average market rate of return and the risk-free rate of return. Among them, the average market rate of return is calculated based on the stock trading price index of Shanghai Stock Exchange and Shenzhen Stock Exchange by using the weighted average of the annualized monthly rates of return from 1992 to 2023. The calculation method is the geometric average rate of return. The calculated equity risk premium is 5.82%.

(3) Determination of risk coefficient

By considering the comparability between the Target Company and the comparable companies in terms of business type, enterprise scale, profitability, growth, industrial competitiveness, enterprise development stage and other stages, appropriate comparable companies were selected. Using the SSE Composite Index as the benchmark index, and based on data from the RoyalFlush iFinD Information Financial Terminal, the estimation was made by using market prices as of the Valuation Benchmark Date. The calculation period spans 250 weeks prior to the Valuation Benchmark Date, resulting in an estimated β for the stock risk coefficient of the comparable companies. The average value of these estimates was used as the expected market risk coefficient (β) for the Target Company, which is 1.4333. The details are as follows in the table below:

Stock code	**Stock name**	**β**
600744.SH	HuaYin Electric Power	1.3082
000037.SZ	Shenzhen Nanshan Power A	1.5257
000767.SZ	Jinneng Holding Shanxi Electric Power	1.2015
001896.SZ	Yuneng Holdings	1.6979
Average		**1.4333**

(4) Determination of specific risk adjustment coefficient

Enterprise-specific risk adjustment coefficient refers to the specific risks of an enterprise relative to its comparable enterprises, and the influencing factors mainly include: the operation stage of the enterprise, historical operating conditions, the development stage of the main products, the distribution of the enterprise's business, products and regions, the internal management and control mechanism of the company, the experience and qualifications of the management personnel, the scale of the enterprise's operations, the reliance on the major customers and suppliers, financial risks, the risks of laws, environmental protection and other aspects.

Taking the above factors into consideration, the specific risk adjustment coefficient in this valuation is determined to be 3%.

(5) The discount rate is 13.75% when it is brought into the CAPM.

(6) Sensitivity analysis

Sensitivity analysis of the impact of changes in discount rate on valuation:

When the discount rate of the Target Company changes by -1%, -0.5%, 0, 0.5% and 1%, the sensitivity analysis is calculated as follows:

Unit: RMB'0,000

Target Company	Related indicators	Discount rate -1%	Discount rate -0.5%	Current calculation	Discount rate +0.5%	Discount rate +1%
Xinjiang Zhundong TBEA Energy Co., Ltd. (新疆准東特變能源有限責任公司)	Valuation	325,871.20	316,570.05	307,699.14	299,241.19	291,178.20
	Valuation change	18,172.06	8,870.91	—	-8,457.95	-16,520.94
	Percentage change in valuation	5.91%	2.88%	—	-2.75%	-5.37%

Based on the above factors, the major parameters for the assets valuation of the Target Company are as follows:

Major parameters	Input	Source
Discount rate	13.75%	Capital asset pricing model (CAPM)
Risk-free rate of return	2.41%	10-year long-term treasury bond yield from the Ministry of Finance of the PRC
Equity risk premium (ERP)	5.82%	It is determined based on the Shanghai Composite Index an d Shenzhen Composite Index of the Chinese stock market as at the Valuation Benchmark Date
Risk coefficient	1.4333	It is determined based on the average of the β values of public companies engaging in the same industry

Major parameters	Input	Source
Enterprise-specific risk adjustment factor	3.00%	It is determined based on the risk differences with comparable companies in terms of the operation stage of the enterprise, the development stage of the main products, the business operation of the enterprise, the internal management and control mechanism of the company, the experience and qualifications of the management personnel, the scale of the enterprise's operations, the reliance on the major customers and suppliers, financial risks, the risks of laws, environmental protection and other aspects
Income tax rate	15.00%	Corporate income tax rate for the western development

6. VALID PERIOD OF THE VALUATION

The valid period of the valuation conclusion is one year, i.e. from 31 August 2024 to 30 August 2025.

7. LIMITATIONS ON THE USE OF VALUATION REPORT

(1) The Valuation Report shall only be used for the valuation purposes and usages specified in the Valuation Report. The asset valuation institution and its asset valuation professionals shall not be liable if the clients or other users of the Valuation Report fail to use the Valuation Report in accordance with the provisions of laws and administrative regulations and the scope of use specified in the Valuation Report.

(2) The Valuation Report shall only be used by the users of the Valuation Report specified in the Valuation Report. Except for the clients and other asset valuation users stipulated in the asset valuation entrustment contract, no other institution or individual can become the user of the Valuation Report.

(3) The users of the Valuation Report shall correctly understand and use the valuation conclusion. The valuation conclusion is not equivalent to the realizable price of the valuation subject, and the valuation conclusion shall not be considered as a guarantee for the realizable price of the valuation subject. Any excerpts, quotations, or disclosures of all or part of the contents of the Valuation Report in public media must be reviewed by the valuation institution, unless otherwise stipulated by laws, regulations, or agreements with the relevant parties.

(4) The valuation conclusion revealed in the Valuation Report is only valid for the economic behavior corresponding to the Acquisition, and the valid period for using the valuation conclusion in the Valuation Report is one year, that is, it is valid for one year from the Valuation Benchmark Date. Beyond one year, the assets shall be reassessed.

Connected Transaction and Discloseable Transaction in relation to the Acquisition of Equity Interest in the Target Company by Xinte Energy Co., Ltd.

6 December 2024

Listing Division
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Dear Sirs,

Reference is made to the announcement of Xinte Energy Co., Ltd. (the "**Company**") dated 6 December 2024 (the "**Announcement**"), of which this letter forms part. Unless the context otherwise requires, capitalized terms defined in the Announcement shall have the same meanings as those used in this letter.

Reference is made to the Valuation Report issued by the Valuer in respect of the valuation of the entire equity interest in the Target Company using the income approach with 31 August 2024 as the Valuation Benchmark Date, which constitutes a profit forecast as defined under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer the various aspects of the bases and assumptions on which the Valuation Report was prepared, and reviewed such valuation for which the Valuer is responsible. We have also considered the letter issued by our Accountant, SHINEWING Certified Public Accountants LLP, dated 6 December 2024 in relation to the profit forecasts, and we have also considered whether its calculations have been properly prepared in all material respects in accordance with the bases and assumptions set out in the Valuation Report. We note that the profit forecasts of the valuation in the Valuation Report are accurately calculated and consistent in all material respects with the accounting policies currently adopted by the Company.

We hereby confirm that, based on the Valuation Report, the profit forecasts have been made after due and careful enquiry by the Board.

Yours faithfully,

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

The following is the text of a report received from SHINEWING Certified Public Accountants LLP for the purpose of incorporation in this circular.

INDEPENDENT ACCOUNTANT'S REPORT ON THE DISCOUNTED FUTURE CASH FLOW FORECAST FOR THE VALUATION OF XINJIANG ZHUNDONG TBEA ENERGY CO., LTD.

To the Board of Xinte Energy Co., Ltd. (the "Company")

Our firm (hereinafter referred to as "**we**") refer to the discounted future cash flows on which the Target Company Valuation Report dated 20 November 2024 (hereinafter referred to as the "**Valuation**") prepared by Beijing Shengming Assets Appraisal Co., Ltd.* (北京晟明資產評估有限公司) in respect of the market value of the total shareholders' equity of Xinjiang Zhundong TBEA Energy Co., Ltd. (hereinafter referred to as the "**Target Company**") as at 31 August 2024 are based. The Valuation is set out in the announcement of the Company dated 6 December 2024 in relation to the acquisition of equity interest in the Target Company. The Valuation was prepared on the discounted future cash flows and is therefore regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibilities

The directors of the Company (the "**Directors**") are responsible for the preparation of the discounted future cash flows based on the bases and assumptions determined by the Directors and set out in the Valuation. Such responsibilities include performing appropriate procedures and applying appropriate basis of preparation for the discounted future cash flows used in the preparation of the Valuation; and making estimates that are reasonable based on the circumstances.

Our Independence and Quality Control

We have complied with the independence and other professional ethical requirements as set out in the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which are based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control, including formulating policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of Reporting Accountant

Our responsibility is to report on the calculations of discounted future cash flows used in the Valuation in accordance with the requirements of Rule 14.60A(2) of the Listing Rules. The discounted future cash flows do not involve the adoption of any accounting policies.

Basis of Our Opinion

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires us to plan and perform procedures to obtain reasonable assurance as to whether, for the purpose of our calculations, the Directors have properly prepared the discounted future cash flows based on the bases and assumptions adopted by the Directors in the Valuation. We performed procedures for the arithmetic calculation and preparation of the discounted future cash flows on the bases and assumptions adopted by the Directors. The scope of our work was substantially less than the scope of an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express any audit opinion.

Our Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly prepared, in all material respects, in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other Matters

Without qualifying our opinion, we wish to draw your attention to the fact that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based. Nor does our work constitute an evaluation of the Target Company or an audit or review opinion on the Valuation.

The discounted future cash flows are dependent on future events and a number of assumptions that cannot be confirmed and verified in the same way as historical results, and not all assumptions remain valid throughout the period. In addition, as the discounted future cash flows are dependent on future events, it is probable that actual results will differ from the discounted future cash flows as a result of the future events and circumstances that do not develop as expected, and that such differences may be material. The work we perform is intended to be reported solely to you in accordance with Rule 14.60A(2) of the Listing Rules and for no other purpose. We do not assume any liability to any other person for any liability arising from, in connection with or relating to our work.

SHINEWING Certified Public Accountants LLP
Certified Public Accountant

Beijing, China
6 December 2024

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 FIRST EXTRAORDINARY GENERAL MEETING OF 2025

NOTICE IS HEREBY GIVEN that the first extraordinary general meeting of 2025 (the "**EGM**") of Xinte Energy Co., Ltd. (the "**Company**") will be held at the Conference Room, R&D Building, No. 2249, Zhongxin Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), Urumqi, Xinjiang, the PRC on Friday, 10 January 2025 at 11:00 a.m. to consider and, if thought fit, approve the resolution set out below.

ORDINARY RESOLUTION

1. "**THAT**:

   (a) the equity interest transfer agreement entered into between the Company, Xinjiang Tianchi Energy Co., Ltd.* (新疆天池能源有限責任公司) and Xinjiang Zhundong TBEA Energy Co., Ltd.* (新疆准東特變能源有限責任公司), on 6 December 2024 (the "**Equity Interest Transfer Agreement**"), a copy of which is tabled at the meeting and marked "A" and initialled by the chairman of the meeting for identification purpose, and the transaction contemplated thereunder be and are hereby considered and approved;

   (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated therein and the completion of Equity Interest Transfer Agreement."

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

Xinjiang, the PRC
23 December 2024

Notes:

1. In order to determine Shareholders who are eligible to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 9 January 2025 to Friday, 10 January 2025, both days inclusive, during which period no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Company on Friday, 10 January 2025 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 Wednesday, 8 January 2025 for registration.

2. 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.

3. 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 of association.

4. 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 4 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 (i.e. no later than 11 a.m. on Thursday, 9 January 2025) (or any adjournment thereof).

5. 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).

6. 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.

7. 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 of directors of the Company consists of Mr. Zhang Jianxin, Mr. Yang Xiaodong, Ms. Kong Ying and Mr. Hu Weijun as executive directors; Mr. Zhang Xin and Mr. Huang Hanjie as non-executive directors; and Mr. Cui Xiang, Mr. Chen Weiping and Mr. Tam, Kwok Ming Banny as independent non-executive directors.