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新特能源

XINTE ENERGY CO., LTD.

新特能源股份有限公司

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

(Stock code: 1799)

ANNOUNCEMENT PROFIT WARNING

This announcement is made by Xinte Energy Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Rule 13.09 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company hereby notifies shareholders and potential investors of the Company that, based on the preliminary assessment of the information currently available (including but not limited to the unaudited consolidated management accounts of the Group for the year ended 31 December 2024 (the “**Year**”)), the Group is expected to record an unaudited net loss attributable to the shareholders of the Company in the range of RMB3.8 billion to RMB4.1 billion for the Year, as compared to the net profit attributable to the shareholders of the Company of RMB4.345 billion recorded in the corresponding period of 2023. The principal reasons for the loss in the Group’s results for the Year were:

1. Affected by an imbalance between the demand and supply along the photovoltaic (“**PV**”) industrial chain, the price of polysilicon has dropped irrationally. Since April 2024, the market price of polysilicon has fallen below the cost of the enterprises producing polysilicon and remained stable at a low level. The Group’s average selling price of polysilicon for the Year dropped approximately 60% as compared with that of the corresponding period of last year.

2. In response to the market condition where polysilicon continuously remained at low price, the Group has arranged for overhaul and renovation of certain production lines and orderly reduced and controlled production coupled with economic calculations and overhaul and technological transformation plans. During the overhaul and renovation period, a comprehensive systematic investigation, overhaul and maintenance were continuously carried out for various production equipment of the relevant production lines. Technical transformation of equipment, process technology, digital control and others related to energy saving, quality improvement, and cost reduction were also carried out to lower costs and enhance the quality of our products after the resumption of production. The Group's polysilicon production capacity for the Year was 300,000 tons/year, achieving an output of 198,800 tons of polysilicon, which basically remained at the same level of the output of 191,300 tons for the corresponding period of last year, with a production capacity utilization of approximately 66%, indicating that the scale effect was not fully applied.
3. Since certain polysilicon production lines at the Group's Xinjiang Gangquanbao production base were constructed at an early stage, the equipment and process technology applied were relatively outdated, leading to a high production cost. Some of the polysilicon production equipment had high energy consumption and carried certain operational hazards, which was replaced by the Group during the overhaul and technological renovation period. The synergy of the production lines of by-products of polysilicon, such as organosilicon and fumed silica, and the production of polysilicon was not fully utilized, thus resulting in a high production cost. The Group intended to dispose the aforementioned polysilicon and by-product production lines and some of the replaced polysilicon production equipment, and a provision for impairment of fixed assets totaling to RMB1,474 million has been made for the aforementioned assets for the Year. The Group's 4 self-operated PV power stations located in Xinjiang and Gangsu regions recorded losses for the Year due to the adjustment of the electricity tariff mechanism and the relatively high power curtailment rate; thus, the Group made provision for assets impairment of the asset portfolio in respect of the aforementioned 4 self-operated PV power stations of RMB675 million in aggregate. The Group made provision for impairment of the assets for the aforementioned polysilicon and new energy power station of RMB2,149 million in aggregate for the Year.

During the Year, the Group has expanded the construction and operation scale of its development for PV and wind energy resources, through devoting efforts into increasing the profitability of its key equipment, such as inverters, energy routers, static VAR generators (SVG) and flexible direct current transmission converter valve; however, the profits contributed from the aforementioned business were behind the impacts of the losses caused by the drop in market price of polysilicon and provision made for asset impairment.

As at the date of this announcement, the Company was still in the process of finalizing the unaudited consolidated results for the Year. The relevant information contained in this announcement is based on a preliminary assessment of the information currently available to the management of the Company, and such information has not been audited or reviewed by the independent auditors or the audit committee of the Company. The Company's consolidated results for the Year to be published by the end of March 2025 may differ from the information contained in this announcement.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Xinjiang, the PRC
17 January 2025

As at the date of this announcement, the Board 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.