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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  
RENEWAL OF EXISTING CONTINUING CONNECTED  
TRANSACTIONS  
AND  
DISCLOSEABLE TRANSACTION**

## **RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

In view of the expiration of the Existing TBEA Framework Agreements, the Existing Xinjiang Tebian Framework Agreements and the Existing Financial Services Framework Agreement on 31 December 2023, and in consideration of the developmental needs of the Group, the Board has resolved to renew the existing framework agreements mentioned above and proposed to determine the annual caps for the three years ending 31 December 2026. On 17 October 2023, the Company entered into the New Framework Agreements.

## **LISTING RULES IMPLICATIONS**

As (i) TBEA is the Controlling Shareholder of the Company, TBEA Group is a Connected Person of the Company and (ii) the New TBEA Framework Agreements are entered into between the same parties, the transactions contemplated thereunder are required to be aggregated and treated as if one transaction pursuant to Rule 14A.81 of the Listing Rules. Accordingly, the annual caps under the New TBEA Framework Agreements are aggregated and used when calculating the relevant percentage ratios. As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the New TBEA Framework Agreements (as aggregated) calculated according to Rule 14.07 of the Listing Rules exceeds 5%, the proposed annual caps are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements as set out under Chapter 14A of the Listing Rules.

As (i) Xinjiang Tebian is a 30%-controlled company held by Mr. Zhang Xin, a Director, Xinjiang Tebian is a Connected Person of the Company and (ii) the New Xinjiang Tebian Framework Agreements are entered into between the same parties, the transactions contemplated thereunder are required to be aggregated and treated as if one transaction pursuant to Rule 14A.81 of the Listing Rules. Accordingly, the annual caps under the New Xinjiang Tebian Framework Agreements are aggregated and used when calculating the relevant percentage ratios. As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the New Xinjiang Tebian Framework Agreements (as aggregated) calculated according to Rule 14.07 of the Listing Rules exceeds 5%, the proposed annual caps are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements as set out under Chapter 14A of the Listing Rules.

TBEA Finance, being a subsidiary of TBEA, is a Connected Person of the Company, and the transactions between the Group and TBEA Finance constitute Connected Transactions of the Company. As the highest applicable percentage ratio in respect of the proposed annual caps of the Deposit Services under the New Financial Services Framework Agreement exceeds 5% but is less than 25%, the Deposit Services under the New Financial Services Framework Agreement constitutes a discloseable transaction and a non-exempt Continuing Connected Transaction of the Company, and is subject to the announcement requirement under Chapter 14 of the Listing Rules and the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The Independent Board Committee comprising of all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the New Framework Agreements and the proposed annual caps thereunder. Kingsway Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further information on the New Framework Agreements and the proposed annual caps thereunder; (ii) the letter of advice from the Independent Financial Adviser; (iii) the recommendation from the Independent Board Committee; and (iv) the EGM notice is expected to be despatched to Shareholders on or before 8 November 2023 in accordance with the Listing Rules.

## **BACKGROUND**

References are made to (i) the announcements of the Company dated 10 November 2020, 13 October 2021 and 17 October 2022; and (ii) the circulars dated 2 December 2020, 4 November 2021 and 22 November 2022 in relation to, inter alia, the Company's non-exempt Continuing Connected Transactions with TBEA Group, Xinjiang Tebian Group and TBEA Finance.

In view of the expiration of the Existing TBEA Framework Agreements, the Existing Xinjiang Tebian Framework Agreements and the Existing Financial Services Framework Agreement on 31 December 2023, and in consideration of the developmental needs of the Group, the Board has resolved to renew the existing framework agreements mentioned above and proposed to determine the annual caps for the three years ending 31 December 2026. On 17 October 2023, the Company entered into the New Framework Agreements.

### **1. PRODUCT PROCUREMENT FRAMEWORK AGREEMENT WITH TBEA**

#### **1.1 Background of the transaction**

The Company entered into the New Product Procurement Framework Agreement (TBEA) with TBEA on 17 October 2023, under which the Group will procure transformers (including ancillary equipment), wires, cables and other equipment from TBEA Group. The New Product Procurement Framework Agreement (TBEA) is subject to the Independent Shareholders' approval and has a term of three years, commencing from 1 January 2024 and expiring on 31 December 2026, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms and quality standards) on the basis of the normal commercial terms provided in the New Product Procurement Framework Agreement (TBEA).

## **1.2 Reasons for and benefits of the transaction**

In view of the Group's past collaborating experience with TBEA Group, TBEA Group's power transmission and transformation products are in a leading position in the industry, and its products are of high quality. In recent years, the Company has used TBEA Group's products such as transformers, wires and cables in the construction and production of the polysilicon projects and PV and wind power station construction, which has well ensured the construction and production of polysilicon projects and the construction quality and long-term stable operations of PV and wind power stations. As such products are necessities of the Group's business operations, it will generally purchase relevant equipment through bidding, competitive negotiations, etc., and determine relevant prices in accordance with normal commercial terms and market conditions. At the same time, in the process of Group's tender or competitive negotiation, due to the relative edge on product price, quality, delivery schedule and payment terms, TBEA Group had obtained some orders.

## **2. COAL PROCUREMENT FRAMEWORK AGREEMENT WITH TBEA**

### **2.1 Background of the transaction**

The Company entered into the New Coal Procurement Framework Agreement with TBEA on 17 October 2023, under which TBEA Group will supply coal to the Company. According to the New Coal Procurement Framework Agreement, TBEA Group will provide coal for the Company's use in power generation of self-owned power plant for production of polysilicon. Transportation of the coal procured from TBEA Group will also be arranged by TBEA Group. The New Coal Procurement Framework Agreement is subject to the Independent Shareholders' approval and has a term of three years, commencing from 1 January 2024 and expiring on 31 December 2026, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms and quality standards) on the basis of the normal commercial terms provided in the New Coal Procurement Framework Agreement.

## **2.2 Reasons for and benefits of the transaction**

Xinjiang Tianchi, a subsidiary of TBEA, owns two open pit coal mines with total coal reserves exceeding 12 billion tons and an approved annual production capacity of 74 million tons. The coal purchased by the Company is mainly used to generate electricity in its self-owned power plant for production of polysilicon. In the past production and operations, the Company mainly purchased coal from Xinjiang Tianchi, whose coal has obvious cost and price advantages, excellent quality, stable supply and a clear edge in scale.

## **3. MISCELLANEOUS SERVICES FRAMEWORK AGREEMENT WITH TBEA**

### **3.1 Background of the transaction**

The Company entered into the New Miscellaneous Services Framework Agreement (TBEA) with TBEA on 17 October 2023, under which TBEA Group will provide the Group with miscellaneous services, such as engineering construction and greenification services. The New Miscellaneous Services Framework Agreement (TBEA) is subject to the Independent Shareholders' approval and has a term of three years, commencing from 1 January 2024 and expiring on 31 December 2026, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms, and quality standards) on the basis of the normal commercial terms provided in the New Miscellaneous Services Framework Agreement (TBEA).

### **3.2 Reasons for and benefits of the transaction**

TBEA Group has constructed many power transmission and transformation full-package projects at home and overseas and has rich engineering construction experience. In the past production and operation, the miscellaneous services provided by TBEA Group to the Group were mainly the construction of transformers and step-up stations in polysilicon projects and PV and wind power projects. The construction of these projects is the key for the connection of polysilicon projects and PV and wind power stations to the main power grid. In addition, TBEA Group provides green plants planting and conservation services to the Group's three polysilicon production bases to create a sound production, office and living environment. The Group will purchase miscellaneous services by way of bidding and competitive negotiations, etc., and determine relevant prices in accordance with normal commercial terms and market conditions. The miscellaneous services provided by TBEA Group have a relatively strong edge in aspects such as price, construction quality, construction period, and service capacity, which meets the Group's requirements for Qualified Suppliers, and are more able to understand our needs for miscellaneous services compared to independent third parties.

## **4. PRODUCT AND SERVICE SALES FRAMEWORK AGREEMENT WITH TBEA**

### **4.1 Background of the transaction**

The Company entered into the New Product and Service Sales Framework Agreement with TBEA on 17 October 2023, under which the Group will provide TBEA Group with products and services, including industrial raw materials (e.g. silicon metal and liquid alkali), industrial water, inverters, etc., as well as services related to new energy power station construction engineering. The New Product and Service Sales Framework Agreement is subject to the Independent Shareholders' approval and has a term of three years, commencing from 1 January 2024 and expiring on 31 December 2026, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms, and quality standards) on the basis of the normal commercial terms provided in the New Product and Service Sales Framework Agreement.

## 4.2 Reasons for and benefits of the transaction

Industrial raw materials such as silicon metal and liquid alkali, and industrial water are necessary to ensure the normal operation and production of TBEA Group. Due to daily operational needs, TBEA Group purchases the above-mentioned industrial raw materials, industrial water and other products from the Group. Silicon metal is the main raw material used by the Group for the production of polysilicon. With a large procurement volume and stable procurement channels, the Group has certain bargaining power and is able to obtain a procurement price lower than market price. The Group produces chemical raw materials such as liquid alkali to support the production of polysilicon products, which have a certain surplus for external sales in addition to their own use. The Group has built a complete system for raw water treatment, where procured raw water is treated through sterilization, filtration and other processes for further use in industrial production. The system is capable of treating up to 60,000 cubic meters of raw water per day. In addition to satisfying the need for producing polysilicon for self-use, the Group still has some residual production capacity.

Meanwhile, in order to respond to the Implementation Plan for New-type Urbanization During the 14th Five-Year Period (《「十四五」新型城鎮化實施方案》) published by the National Development and Reform Commission of PRC, facilitate the green and low-carbon transformation of industrial and construction sectors, and advance the installation of solar photovoltaic systems on the rooftops of existing and newly-built buildings, thereby lowering the cost of power supply, TBEA Group plans to promote microgrid demonstration projects in more than 20 completed and newly-built industrial parks across the country in an orderly manner during the period from 2024 to 2026 by installing PV and energy storage systems on the rooftops of factories and office buildings, parking lots and other areas. In addition, in order to strengthen the management of carbon emissions and increase the proportion of “green power”, TBEA Group intends to invest in the construction of generation, grid, load and energy storage power stations to support industrial parks, so as to realize self-generation and self-consumption of new energy power. The Group intends to leverage its advantages in the design and construction of new energy power stations and smart microgrids, as well as the production of inverters and other products, to provide engineering services and sell products including inverters for the construction of smart microgrids and new energy power stations for generation, grid, load and energy storage in industrial parks for TBEA Group.

By selling of the aforementioned products and services to TBEA Group, the Group can take full advantage of the scale and bargaining power in raw material procurement and make use of the Group’s residual production capacity for industrial raw materials and industrial water, the production advantage of products such as inverters and the Group’s capability in engineering services in the field of the construction of new energy power stations to generate certain revenue for the Group.

## **5. PRODUCT PROCUREMENT FRAMEWORK AGREEMENT WITH XINJIANG TEBIAN**

### **5.1 Background of the transaction**

The Company entered into the New Product Procurement Framework Agreement (Xinjiang Tebian) with Xinjiang Tebian on 17 October 2023, under which the Group will procure products from Xinjiang Tebian Group, including towers and other electrical accessories. The New Product Procurement Framework Agreement (Xinjiang Tebian) is subject to the Independent Shareholders' approval and has a term of three years, commencing from 1 January 2024 and expiring on 31 December 2026, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms, and quality standards) on the basis of the normal commercial terms provided in of the New Product Procurement Framework Agreement (Xinjiang Tebian).

### **5.2 Reasons for and benefits of the transaction**

Xinjiang Tebian Group is a key manufacturer of mechanical and electrical products, transformer accessories and towers in the industry, which has tower production bases in Changji, Xinjiang, Baotou, Inner Mongolia and other places. It is expected that by the end of 2023, Xinjiang Tebian Group's annual production capacity of tower will reach 200,000 tons. In addition to supplying towers and electrical accessories to the Group, Xinjiang Tebian Group also supplies towers and electrical accessories to well-known power station construction enterprises in the new energy industry. Compared with other suppliers in the market, Xinjiang Tebian Group's products have certain competitiveness. Xinjiang Tebian Group has successively won tower orders from the Group for three consecutive years, providing a stable supply of products to the Group with high-quality. As such products are necessities of the Group's business operations, it will generally purchase towers and electrical accessories through bidding, competitive negotiations, etc., and determine relevant prices in accordance with normal commercial terms and market conditions. At the same time, in the process of Group's tender or competitive negotiation, due to the relative edge on product price, quality, delivery schedule and payment terms, Xinjiang Tebian Group obtained some orders.

## **6. MISCELLANEOUS SERVICES FRAMEWORK AGREEMENT WITH XINJIANG TEBIAN**

### **6.1 Background of the transaction**

The Company entered into the New Miscellaneous Services Framework Agreement (Xinjiang Tebian) with Xinjiang Tebian on 17 October 2023, under which Xinjiang Tebian Group will provide miscellaneous services (including engineering labour services, installation of electricity and gas facilities) to the Group. The New Miscellaneous Services Framework Agreement (Xinjiang Tebian) is subject to the Independent Shareholders' approval and has a term of three years, commencing from 1 January 2024 and expiring on 31 December 2026, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms, and quality standards) on the basis of the normal commercial terms provided in the New Miscellaneous Services Framework Agreement (Xinjiang Tebian).

### **6.2 Reasons for and benefits of the transaction**

Xinjiang Tebian Group possesses rich experience in installations of civil works infrastructure and houses and buildings construction and renovation, and consistently provides quality ancillary services in civil works infrastructure construction, renovation and installation. In recent years, such services are also required for the construction of preparatory works, peripheral walls and complex buildings of polysilicon projects and PV and wind power stations and installation of electricity and gas facilities of the Group, and the Group will procure the miscellaneous services through bidding, competitive negotiations, etc. By virtue of the high quality of provided services and competitive prices, Xinjiang Tebian Group have participated in part of the tenders or competitive negotiations and obtained orders in the past.

## **7. FINANCIAL SERVICES FRAMEWORK AGREEMENT WITH TBEA FINANCE**

### **7.1 Background of the transaction**

The Company entered into the New Financial Services Framework Agreement with TBEA Finance on 17 October 2023, under which TBEA Finance will provide the Group with deposit services. The New Financial Services Framework Agreement is subject to the Independent Shareholders' approval and has a term of three years, commencing from 1 January 2024 and expiring on 31 December 2026, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions on the basis of the normal commercial terms provided in the New Financial Services Framework Agreement.

### **7.2 Reasons for and benefits of the transaction**

TBEA Finance is regulated by the People's Bank of China and the NFRA, and shall provide services in accordance with and in compliance with the rules and operational requirements of such regulatory authorities. TBEA Finance has adopted internal control and risk management measures to mitigate fund risks and guarantee fund safety, thereby protecting the overall interests of the Group. With the continuous business scale expansion, as the Group's capital size will remain relatively large, it is particularly important to improve the capital utilization rate. The interest rate offered by TBEA Finance to the Group for the Deposit Services is the same or more favourable than those offered by other Major Cooperative Commercial Banks in the PRC to the Group. The Group may obtain the financial services from TBEA Finance on more favorable terms, which enables the Group to secure deposit interest rates equal to or higher than those available in the market, thereby increasing interest income on deposits, and helping improve the overall standard of fund operation of the Group.

Furthermore, as a professional platform for centralized fund management, TBEA Finance will have stronger bargaining power for commercial banks after collecting the deposits of all member companies of TBEA Group and depositing them together at TBEA Finance's cooperative banks. The scale of collective deposit from the TBEA Group will be much larger than the single deposit of any member company in the TBEA Group which enables a much higher deposit interest rate. Hence, TBEA Finance will be able to provide the Group with more competitive interest rates than those offered by the Major Cooperative Commercial Banks. As a subsidiary of TBEA, TBEA Finance has a more thorough understanding of the Group's operations as compared to the Major Cooperative Commercial Banks and other financial institutions. TBEA Finance is familiar with the capital structure, business operation, financing needs, mode of cash flow and cash management of the Group, as well as the Group's entire financial management system, enabling TBEA Finance to communicate with the Group more efficiently to cater for its needs, as well as serving the Group in a more convenient and efficient manner than other commercial banks in the PRC. Therefore, TBEA Finance will be at an advantageous position to provide the Group with more appropriate, effective and flexible services as compared to the Major Cooperative Commercial Banks. The New Financial Services Framework Agreement is non-exclusive, with no restrictions on the Group's decision to select other commercial banks or financial institutions, and TBEA Finance is only one of the many financial institutions which offers financial services to the Group. Having the ability to choose for other financial services providers, the Group can encourage other financial services providers to provide more competitive terms for financial services.

## **PRICING BASIS**

### **1. The New Product Procurement Framework Agreement (TBEA), New Product Procurement Framework Agreement (Xinjiang Tebian), New Miscellaneous Services Framework Agreement (TBEA) and New Miscellaneous Services Framework Agreement (Xinjiang Tebian)**

As no price stipulated by the government or guiding price is available, to ensure that the terms and prices provided by TBEA Group and Xinjiang Tebian Group are fair and reasonable and in line with market practices, the Group has and will continue to adopt the following tender and competitive negotiation process and principles to determine whether products shall be procured from TBEA Group or Xinjiang Tebian Group:

- Business departments of the Group will on the basis of their business needs submit procurement needs to the Company's procurement department.

- Once the Company's procurement department receives the procurement needs, the bidding department of the Company will on the basis of the procurement needs extend the tender invitation to Qualified Suppliers to invite them to participate in bidding and competitive negotiations. For further details on the Company's assessment standards for Qualified Suppliers, please refer to the section headed "Assessment of Qualified Suppliers".
- Based on the Company's internal bidding procedure requirements, it will invite no less than five suppliers to participate in bidding. When there are no less than three assessable tenders, the Company will start the assessment process.
- The bid assessment committee, which consists of senior management from the bidding department (including the bidding and supply chain management department), the supervisory department (including the finance, legal and audit departments), the engineering department, the technical department, and other senior management staff (including the general manager, deputy general manager(s) and the chief accountant (excluding Connected Persons)), and representatives from the department which made the initial procurement needs, will consider factors such as product features and quality requirements, in order to consider the tender which best fits business needs and satisfies the tender requirements.
- Based on the foregoing factors, the bid assessment committee (focused only on bid assessment) will assess the tender and make the final decision to accept the tender. For further details on the assessment procedures, please refer to the section headed "Assessment Factors and Process" below.
- Once a tender is chosen, the bidding department of the Company will contact the bidder and negotiate miscellaneous terms of the agreement. However, the price and quality terms of the products will not be further discussed, and the original bidding terms will be adopted in the final contract. Once the terms are finalised, the Company will enter into a contract with the supplier and arrange for delivery of the product. The entire bidding process generally takes five to seven days.

## **2. The New Coal Procurement Framework Agreement**

To ensure that the coal procurement terms provided by TBEA Group are fair and reasonable and in line with market practices, the Company has and will continue to adopt the following measures and principles to determine the coal procurement prices:

- The final coal supplier will be determined after considering multiple factors, including whether the coal supplied comply with the coal quality requirements of the furnace used in the Company's self-owned power plant, prices, supplier distance, transportation costs, supplier's scale, supplier's management and whether the supplier can provide sufficient and stable supplies.
- The Company will collect sale price data from different coal suppliers located in the same or neighbouring regions who are able to provide coal which meets the requirements of the Company's standards.
- Through conducting fair negotiations with coal suppliers (including independent third-parties), the Company can determine a reasonable procurement price for the procurement of coal.

## **3. The New Product and Service Sales Framework Agreement**

- (i) The prices of industrial raw materials (such as silicon metal and liquid alkali), inverters and other products are determined with reference to the quantity and quality of the comparable orders, and the prices of the same or similar products provided by the Group to independent third party customers. If no comparable orders are available, the prices are determined with reference to the equivalent prevailing market prices of the same or similar products on the industry websites, if any;
- (ii) The price of industrial water shall be determined with reference to the quotation of urban tap water provided by Urumqi Water Industry Group Co., LTD\* (烏魯木齊水業集團有限公司); and
- (iii) The prices of the construction engineering services related to new energy power stations are determined with reference to the prices of the same or similar services provided by the Group to independent third parties, and also with comprehensive reference to the technical difficulty of the specific projects, the scale of the power stations and the construction plans.

#### 4. The New Financial Services Framework Agreement

The deposits placed by the Group with TBEA Finance shall not bear an interest rate that is lower than (i) the deposit interest rates offered by other Major Cooperative Commercial Banks in the PRC; and (ii) the deposit interest rates offered by TBEA Finance to any member companies (excluding the Group) in the TBEA with same credit ratings for comparable deposits for the same term, if applicable.

#### HISTORICAL TRANSACTION AMOUNTS UNDER THE EXISTING FRAMEWORK AGREEMENTS

The Group's historical transaction amounts for transactions conducted pursuant to the Existing TBEA Framework Agreements are as follows:

	Year ended 31 December		For the nine months period ended 30 September
	2021	2022	2023
	(RMB million)	(RMB million)	(RMB million)
Amount of products purchased by the Group from TBEA Group	615	1,465	417
Amount of coal purchased by the Group from TBEA Group (including transportation cost)	391	501	392
Amount of miscellaneous services purchased by the Group from TBEA Group	54	256	84
Amount of products sold by the Group to TBEA Group	98	86	68
<b>Total transaction amount with TBEA Group (tax exclusive)</b>	<b>1,158</b>	<b>2,308</b>	<b>961</b>

*Note: It is expected that the purchase volumes of the products and miscellaneous services by the Group will increase significantly in the fourth quarter of 2023, which is the peak period for new energy power stations construction and equipment procurement.*

The Group's historical transaction amounts for transactions conducted pursuant to the Existing Xinjiang Tebian Framework Agreements are as follows:

	Year ended 31 December		For the nine months period ended 30 September
	2021	2022	2023
	(RMB million)	(RMB million)	(RMB million)
Amount of products purchased by the Group from Xinjiang Tebian Group	33	329	41
Amount of miscellaneous services purchased by the Group from Xinjiang Tebian Group	304	346	245
<b>Total transaction amount with Xinjiang Tebian Group (tax exclusive)</b>	<b>337</b>	<b>675</b>	<b>286</b>

*Note: It is expected that the purchase volumes of the products and miscellaneous services by the Group will increase significantly in the fourth quarter of 2023, which is the peak period for new energy power stations construction and equipment procurement.*

The Group's historical transaction amounts for transactions conducted pursuant to the Existing Financial Services Framework Agreement are as follows:

	Year ended 31 December		For the nine months period ended 30 September
	2021	2022	2023
	(RMB million)	(RMB million)	(RMB million)
Deposit Services (Daily maximum deposit balance (including accrued interest))	2,546	2,997	2,998

## ANNUAL CAPS UNDER THE NEW FRAMEWORK AGREEMENTS

### 1. New TBEA Framework Agreements

The proposed annual caps with respect to the New TBEA Framework Agreements for the three years ending 31 December 2026 are as follows:

	<b>Year ending 31 December</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Amount of products purchased by the Group from TBEA Group	1,500	1,300	1,100
Amount of coal purchased by the Group from TBEA Group (including transportation cost)	750	750	750
Amount of miscellaneous services purchased by the Group from TBEA Group	700	450	450
Amount of products and services sold by the Group to TBEA Group	400	400	400
<b>Total annual caps for transactions with TBEA Group (tax exclusive)</b>	<b><u>3,350</u></b>	<b><u>2,900</u></b>	<b><u>2,700</u></b>

#### *New Product Procurement Framework Agreement (TBEA)*

Under the global strategic background of “carbon emission peak and carbon neutrality”, the Group grasped the rapid development opportunities in the new energy field, sped up the industry layout and implemented the 200,000-ton Polysilicon Project in Zhundong with a total investment amount of approximately RMB17.6 billion, which has a construction period of 24 months in two phrases. The first phase, namely the first phase of 100,000-ton Polysilicon Project in Zhundong, has been completed in mid-2023 and is currently undergoing commissioning and ramping, which is expected to reach quality and production in the fourth quarter of 2023. Based on the operation status of the first phase of 100,000-ton Polysilicon Project in Zhundong and market conditions, the second phase, namely the second phase of 100,000-ton Polysilicon Project in Zhundong, may commence construction in 2024. Based on statistics of the first phase of 100,000-ton Polysilicon Project in Zhundong completed, the total procurement amount of transformers, wires, cables, switch enclosures and other products from TBEA Group by way of bidding and competitive negotiations reached approximately RMB835 million. Therefore, the Group expects that the total procurement amount of transformers, wires, cables and other products from TBEA

Group for the second phase of 100,000-ton Polysilicon Project in Zhundong will be approximately RMB800 million, of which based on the construction progress, the procurement amount is expected to be approximately RMB600 million and RMB200 million in 2024 and 2025, respectively. Meanwhile, as a leader in the new energy industry, the Group's newly installed capacity of wind power and PV projects is expected to be 3–4GW in 2024, with an increase of approximately 25% in 2025, and its business scale will remain stable in 2026 as compared to that in 2025. Therefore, the Group expects to purchase products such as transformers, wires and cables from TBEA Group in the amount of approximately RMB800 million, RMB1 billion and RMB1 billion in each of 2024, 2025 and 2026. In addition, the total amount of transformers, wires, cables and other products purchased by the three polysilicon production bases of the Group located in Xinjiang Ganquanpu, Xinjiang Zhundong and Inner Mongolia Baotou for their daily production and operation is approximately RMB60 million per annum.

In determining the proposed annual caps, the Group has also considered the Group and TBEA Group's historical transaction amounts of product procurement, the new polysilicon production capacity planning and the planned scale of PV and wind power station construction. Nonetheless, if an independent third party provides similar products with more favourable terms, conditions or prices, the Group's bidding department will base on the Group's internal guidelines and bid assessment standards to select the bid and source the products from such independent third party. Thus, the actual amount of products procured may be lower than the proposed annual caps.

### ***New Coal Procurement Framework Agreement***

Currently, the Company's polysilicon production base in Xinjiang Ganquanpu has an annual production capacity of 100,000 tons and more than 60% of its electricity consumption is supplied by a 2 × 350MW self-owned power plant. Due to the stable demand for electricity, the self-owned power plant will remain in full load operation and the coal demand will be relatively stable. It is expected that the amount of coal (including transportation cost) to be procured from Xinjiang Tianchi will be approximately RMB750 million for each year from 2024 to 2026.

When determining the proposed annual caps, the Company considers the Company and Xinjiang Tianchi's historical transaction amounts of coal procurement, also takes into account factors such as the coal demand of the self-owned power plant, coal prices and transportation costs to determine the maximum procurement cost. Nonetheless, if an independent third party provides similar coal with more favourable transportation costs than those provided by TBEA Group, the Company's procurement department will procure coal from the independent third party. Thus, the actual amount of coal procurement may be lower than the proposed annual caps.

### ***New Miscellaneous Services Framework Agreement (TBEA)***

According to the construction plan, the Group will invest in the construction of one 220kV substation and one 10kV substation in 2024 to meet the electricity demand of the second phase of 100,000-ton Polysilicon Project in Zhundong. Based on statistics of the first phase of 100,000-ton Polysilicon Project in Zhundong completed, the amount of substation project construction by TBEA Group determined through bidding reached approximately RMB300 million. Therefore, the Group expects that the total procurement amount of miscellaneous services from TBEA Group for the substation project of the second phase of 100,000-ton Polysilicon Project in Zhundong will be approximately RMB300 million in 2024. Meanwhile, as a leader in the new energy industry, the Group's newly installed capacity of wind power and PV projects is expected to be 3–4GW in 2024, with an increase of approximately 25% in 2025, and its business scale will remain stable in 2026 as compared to that in 2025. Therefore, the Group expects to purchase miscellaneous services from TBEA Group in the amount of RMB300 million, RMB375 million and RMB375 million in 2024, 2025 and 2026, respectively. In addition, the total amount of miscellaneous services purchased by the three polysilicon production bases of the Group located in Xinjiang Ganquanpu, Xinjiang Zhundong and Inner Mongolia Baotou for their daily production and operation is approximately RMB60 million per annum.

When determining the proposed annual caps, the Group has taken into account the historical amounts incurred for miscellaneous services between the Group and TBEA Group, the new polysilicon production capacity planning and the planned scale of PV and wind power station construction. Nonetheless, if any independent third party provides similar services with more favourable terms, conditions or prices than those provided by TBEA Group, then the Group's bidding department will base on the Group's internal guidelines and bid assessment standards to select the bid and source the miscellaneous services from the independent third party. Thus, the actual amount of miscellaneous services procurement may be lower than the proposed annual caps.

### ***New Product and Service Sales Framework Agreement***

The demand for industrial raw materials such as metal silicon, liquid chlorine, and liquid alkali, as well as industrial water consumption by Xinjiang Joinworld, a subsidiary of TBEA, has increased due to its new investments in the construction of a high-purity aluminum related project to expand production capacity. Based on the historical data for industrial raw materials and industrial water sold by the Group to Xinjiang Joinworld, and taking into account Xinjiang Joinworld's new production capacity plan in future, the Group estimates that the total amount of products to be sold to TBEA Group for each year from 2024 to 2026 will be approximately RMB200 million.

In order to meet the needs of green and low-carbon transformation, TBEA Group plans to promote microgrid demonstration projects in more than 20 completed and newly-built industrial parks across the country in an orderly manner during the period from 2024 to 2026, and intends to invest in the construction of generation, grid, load and energy storage power stations to support industrial parks, so as to realize self-generation and self-consumption of new energy power. The Group intends to leverage its advantages in the design and construction of new energy power stations and smart microgrids, as well as the production of inverters and other products, to provide engineering services and product sales for the construction of smart microgrids and new energy power stations for generation, grid, load and energy storage in industrial parks for TBEA Group. It is expected that sales in respect of the products and services to be provided by the Group to TBEA Group will be approximately RMB200 million for each year from 2024 to 2026.

In determining the proposed annual caps, the Group has considered the historical transaction amounts between the Group and TBEA Group; market prices of industrial raw materials and industrial water, inverters and other products; and the future business development needs of TBEA Group.

## 2. New Xinjiang Tebian Framework Agreements

The annual caps with respect to the New Xinjiang Tebian Framework Agreements for the three years ending 31 December 2026 are as follows:

	<b>Year ending 31 December</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Amount of products purchased by the Group from Xinjiang Tebian Group	600	400	400
Amount of miscellaneous services purchased by the Group from Xinjiang Tebian Group	500	400	400
<b>Total annual caps for transactions with Xinjiang Tebian Group (tax exclusive)</b>	<b><u>1,100</u></b>	<b><u>800</u></b>	<b><u>800</u></b>

### *New Product Procurement Framework Agreement (Xinjiang Tebian)*

In order to support the new model of green circular industrial chain development in the places where the Group's polysilicon production bases are located, assist the local government to build a modern energy economic system supported by new energy and strategic emerging industries and move towards a new stage of green, low-carbon and high-quality development, the Group plans to increase the allocation of new energy resources around its polysilicon production bases and build a 2GW wind power station in 2024. Tower is a kind of large-scale special equipment, which is relatively difficult to transport and therefore its sales radius is restricted. Xinjiang Tebian Group's tower production base is relatively close to the Group's proposed wind power base, with an obvious locational advantage. Therefore, it is expected that the Group will purchase towers in the amount of no more than RMB300 million from Xinjiang Tebian Group in 2024. Meanwhile, as a leader in the new energy industry, the Group's newly installed capacity of wind power stations is expected to be approximately 1.5–2GW in 2024, in addition to the 2GW wind power station supporting the polysilicon base, with an increase of approximately 25% in 2025, and its business scale will remain stable in 2026 as compared to that in 2025. Therefore, it is expected that the total amount of additional tower and other electrical accessories to be procured by the Group from Xinjiang Tebian Group from 2024 to 2026 will be approximately RMB300 million, RMB400 million and RMB400 million respectively.

In determining the proposed annual caps, the Group has taken into account historical transaction amounts between the Group and Xinjiang Tebian Group as well as the planned scale of wind power station construction. Nonetheless, if an independent third party provides similar products with more favourable terms, conditions or prices than those provided by Xinjiang Tebian Group, then the Group's bidding department will base on the Group's internal guidelines and bid assessment standards to select the bid and source the products from the independent third party. Thus, the actual amount of product procurement may be lower than the proposed annual caps.

### *New Miscellaneous Services Framework Agreement (Xinjiang Tebian)*

According to statistics of the first phase of 100,000-ton Polysilicon Project in Zhundong completed, its procurement amount of miscellaneous services such as roads, peripheral walls infrastructure, and factory front area renovation from Xinjiang Tebian Group by way of bidding reached approximately RMB230 million. Since the second phase of 100,000-ton Polysilicon Project in Zhundong and the first phase of 100,000-ton Polysilicon Project in Zhundong will share certain roads, peripheral walls and factory front areas, therefore the amount of new miscellaneous engineering for the second phase of 100,000-ton Polysilicon Project in Zhundong will decrease as compared to that for the first phase of 100,000-ton Polysilicon Project in Zhundong. It is expected that it will procure miscellaneous services from Xinjiang Tebian Group in the amount of approximately RMB100 million in 2024. Meanwhile, as a leader in the new energy industry, the Company's newly installed capacity of wind and PV power stations is expected to be approximately 3–4GW in 2024, with an increase of approximately 25% in 2025, and its business scale will remain stable in 2026 as compared to that in 2025. The total amount of miscellaneous services procured from Xinjiang Tebian Group for each year from 2024 to 2026 is expected to be approximately RMB300 million, RMB375 million and RMB375 million, respectively. In addition, the total amount of miscellaneous services to be purchased from Xinjiang Tebian Group for the daily production and operation of the three polysilicon production bases of the Company located in Xinjiang Ganquanpu, Xinjiang Zhundong and Inner Mongolia Baotou is expected to be approximately RMB50 million for each year from 2024 to 2026.

In determining the proposed annual caps, the Group has taken into account the historical transaction amounts between the Group and Xinjiang Tebian Group, the new polysilicon production capacity planning and the planned scale of PV and wind power station construction. Nonetheless, if an independent third party provides similar services with more favourable terms, conditions or prices than those provided by Xinjiang Tebian Group, the Group's procurement department will base on the Group's internal guidelines and bid assessment standards to select the bid and source the miscellaneous services from the independent third party. Thus, the actual amount and value of miscellaneous services procured may be lower than the proposed annual caps.

### 3. New Financial Services Framework Agreement

The proposed annual caps with respect to the New Financial Services Framework Agreement for the three years ending 31 December 2026 are as follows:

	Year ending 31 December		
	2024	2025	2026
	(RMB million)	(RMB million)	(RMB million)
Deposit Services (Daily maximum deposit balance (including accrued interest))	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>

In determining the proposed annual caps for the Deposit Services contemplated under the New Financial Services Framework Agreement, the Company has considered the following factors: (i) the historical monetary funds (i.e. cash and cash equivalents but excluding restricted cash) of the Group, which were approximately RMB2,546 million, RMB2,997 million and RMB2,998 million as of 31 December 2021, 31 December 2022 and 30 September 2023, respectively; (ii) the concentration of deposits placed by the Group with certain Major Cooperative Commercial Banks with close cooperation is relatively stable; (iii) the expected level of monetary funds, which is relatively stable according to the demands of the Group's business development plan for capital and different financial services businesses in the next three years; and (iv) the Group's future financing plans and related deposit interests, etc.

### BOARD CONFIRMATION

As of the date of this announcement, each of Mr. Zhang Xin, a Director, Mr. Huang Hanjie, a Director and Ms. Guo Junxiang, a Director holds positions at and/or interests in TBEA and/or TBEA Finance, and they are deemed to have material interest and have abstained from voting at the Board meeting with respect to the review and approval of the transactions concerning the New TBEA Framework Agreements and the New Financial Services Framework Agreement. Mr. Zhang Xin, holds a position at and/or holds an interest in Xinjiang Tebian, and he is deemed to have material interest and has abstained from voting at the Board meeting with respect to the review and approval of the transactions concerning the New Xinjiang Tebian Framework Agreements. The Directors (excluding Directors required to abstain, and the independent non-executive Directors, who will express their opinion after taking into account the recommendations of the Independent Financial Adviser) are of the view that the New TBEA Framework Agreements, the New Xinjiang Tebian Framework Agreements and the New Financial Services Framework Agreement are in the ordinary and usual course of business of the Group and on normal commercial terms, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Save for the disclosed above, none of the Directors have any material interests in the New TBEA Framework Agreements, the New Xinjiang Tebian Framework Agreements and the New Financial Services Framework Agreement and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

TBEA is directly and indirectly interested in approximately 64.52% of the total issued share capital of the Company, and is thus the Controlling Shareholder of the Company. Accordingly, TBEA is a Connected Person of the Company, and the transactions conducted between the Group and TBEA Group constitute Connected Transactions of the Company.

Xinjiang Tebian is a 30%-controlled company held by Mr. Zhang Xin, a Director. Therefore, Xinjiang Tebian is a Connected Person of the Company. Accordingly, the transactions between the Group and Xinjiang Tebian Group constitute Connected Transactions of the Company.

TBEA directly and indirectly holds 100% of the equity interests in TBEA Finance. Therefore, TBEA Finance, being a subsidiary of TBEA, is a Connected Person of the Company, and the transactions conducted between the Group and TBEA Finance constitute Connected Transactions of the Company.

As (i) TBEA is the Controlling Shareholder of the Company, TBEA Group is a Connected Person of the Company and (ii) the New TBEA Framework Agreements are entered into between the same parties, the transactions contemplated thereunder are required to be aggregated and treated as if one transaction pursuant to Rule 14A.81 of the Listing Rules. Accordingly, the annual caps under the New TBEA Framework Agreements are aggregated and used when calculating the relevant percentage ratios. As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the New TBEA Framework Agreements (as aggregated) calculated according to Rule 14.07 of the Listing Rules exceeds 5%, the proposed annual caps are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements as set out under Chapter 14A of the Listing Rules.

As (i) Xinjiang Tebian is a 30%-controlled company held by Mr. Zhang Xin, a Director, Xinjiang Tebian is a Connected Person of the Company and (ii) the New Xinjiang Tebian Framework Agreements are entered into between the same parties, the transactions contemplated thereunder are required to be aggregated and treated as if one transaction pursuant to Rule 14A.81 of the Listing Rules. Accordingly, the annual caps under the New Xinjiang Tebian Framework Agreements are aggregated and used when calculating the relevant percentage ratios. As the highest applicable percentage ratio of the proposed annual caps for the transactions contemplated under the New Xinjiang Tebian Framework Agreements (as aggregated) calculated according to Rule 14.07 of the Listing Rules exceeds 5%, the proposed annual caps are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements as set out under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps of the Deposit Services under the New Financial Services Framework Agreement exceed 5% but is less than 25%, the Deposit Services under the New Financial Services Framework Agreement constitutes a discloseable transaction and a non-exempt Continuing Connected Transaction of the Company, and is subject to the announcement requirement under Chapter 14 of the Listing Rules and the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **ASSESSMENT OF QUALIFIED SUPPLIERS**

The Qualified Suppliers assessment committee of the Company's bidding department will conduct regular assessments of the suppliers on the Qualified Suppliers list. The Company's bidding department is responsible for seeking Qualified Suppliers according to the Company's needs, and collect market data (including price trends of raw materials of the relevant products) from the Qualified Suppliers for conducting industrial studies. New suppliers may approach the Group with a Qualified Supplier Application, which would put their company on the qualified list for tender and bidding considerations. Upon receiving a Qualified Supplier Application, the bidding department will send a requirement list and collect background information of the applicant. Suppliers shall submit their applications through the information platform according to supplier management regulations, including product specifications and price range for new applicants.

The relevant supplier assessment committee of the Company (including the bidding department, the finance department, the quality department, the engineering management department and the works monitoring department), the procurement department and the technical department will consider applications on the basis of technical level and standards assessments, and will arrange on-site inspections, to conduct further due diligence, and suppliers who satisfy such conditions will be added to the Company's Qualified Suppliers list. From the Qualified Suppliers list, the Group will invite not less than five Qualified Suppliers (except for cases where there are less than 5 companies in the industry that meet the requirements) to participate in each bidding. The Company will consider the following factors in selecting the five Qualified Suppliers to participate in bidding, including their ability to satisfy specific requirements of procurement orders, geographical location, transportation costs and time, in order to determine whether procurement volumes can be satisfied on time, so as to avoid risks with delays.

At the end of each year, the Company will conduct an assessment of existing Qualified Suppliers and new suppliers who made successful bids in the tender process. The Qualified Suppliers assessment committee will ensure that all Qualified Suppliers and suppliers on the Qualified Suppliers list possess the necessary bidding qualifications.

## ASSESSMENT FACTORS AND PROCESS

In order to assess the best tender that can satisfy the business needs of the Company, the bid assessment committee of the Company will assess the tenders according to internal guidelines and bid assessment weights. The Company will consider the tender prices to maintain actual cost control. If bid prices of similar ranges are made by different suppliers, the Company will also consider other factors such as product quality, supplier background, warranty terms and period, product rate of return, timely delivery and payment terms. Please refer to the following for the Company's internal guidelines and bid assessment weights.

<b>Factor</b>	<b>Weight</b>	<b>Assessment standards and procedures</b>
Price	30–40%	The lowest bid price among suppliers is set as the benchmark price, and for every percentage point the bid price is higher than the benchmark price, 2 points will be deducted.
Technical level, safety and quality	50–60%	<ul style="list-style-type: none"><li>• Whether product specifications and service standards satisfy technical requirements;</li><li>• Whether products and miscellaneous services satisfy the Group's commitment to delivery time;</li><li>• Whether the bidder has obtained the necessary quality accreditation;</li><li>• Whether the bidder's tender contains preferential commitments such as equipment, payment, and construction period; and</li><li>• Whether the supplier can timely discover and resolve the Company's questions and difficulties, and provide excellent after-sale services.</li></ul>

<b>Factor</b>	<b>Weight</b>	<b>Assessment standards and procedures</b>
Business operations	10%	<ul style="list-style-type: none"> <li>• Whether the bidder's registered capital and return on net assets meet the requirements and whether it has sound performance capability;</li> <li>• Whether the tender satisfies delivery requirements;</li> <li>• Whether the bidder has sales performance of similar products and services in the last three years;</li> <li>• Historical records of delayed delivery; and</li> <li>• Payment terms provided by the bidder.</li> </ul>

## **INTERNAL CONTROLS**

### **1. New TBEA Framework Agreements and New Xinjiang Tebian Framework Agreements**

To ensure the Company's conformity with the above pricing policy, the Company has adopted a series of internal control measures for its daily operations. Such measures will be conducted and supervised by various units of the Company:

- the Company has adopted a transaction management system on Connected Transactions. Business departments of the Company are required to conduct updates of separate agreements for the Continuing Connected Transactions, and regularly report the execution status of each Connected Transactions to the secretary of the Board. The secretary of the Board will then inform the Board of any important information thereof;
- the Audit Committee is responsible for the data collection and monitoring of Connected Transactions, and for conducting evaluation on the fairness of the transaction and pricing terms. It is responsible for reviewing the determination of the annual caps and execution status of the Connected Transactions. It will also report to the Board and the Supervisory Board on the Group's Connected Transactions on quarterly basis. If it is anticipated that there is a need to revise the annual caps, the Company will comply with the relevant requirements under the Listing Rules to issue an announcement, and/or seek Independent Shareholders' approval after the Board's review and approval;

- the Company has strengthened training in relation to the review and decision-making processes and information disclosure requirements of Connected Transactions, further promoting awareness among the relevant business departments in the corresponding compliance requirements;
- the independent non-executive Directors have reviewed and will continue to review the non-exempt Continuing Connected Transactions to ensure such agreements are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements. The auditors of the Company will also conduct an annual review on the transaction amount and annual caps of such non-exempt Continuing Connected Transactions;
- all separate Connected Transaction agreements shall obtain approval from the headquarters of the Company before being entered into. Also, members of the senior management of the Company will collectively monitor the actual transaction amount of the Group's Continuing Connected Transactions;
- the Company will impose control on the actual transaction amount of Continuing Connected Transactions, and focus on controlling the separate amount of each type of Continuing Connected Transactions; and
- the secretary of the Board will collect information on Continuing Connected Transactions at the beginning of each month, and cross-check the consolidated amount of Continuing Connected Transactions in the previous month with the financial staff of the relevant Connected Person.

## **2. New Financial Services Framework Agreement**

- (i) Before entering into any deposit arrangements with TBEA Finance, the Company will negotiate with TBEA Finance on an arm's length basis in respect of the deposit interest rate of the Deposit Services, and ensure that the deposit interest rate is determined with reference to the interest rates offered by two to three other independent Major Cooperative Commercial Banks in the PRC for comparable deposit services on normal commercial terms, such that the deposit interest rate of the Deposit Services will not be less favourable than that offered by two to three other independent Major Cooperative Commercial Banks in the PRC for comparable deposits for the same term.

- (ii) The finance department of the Company is responsible for cross-checking the interest rates when the Group has deposit needs and comparing the interest rates and terms offered by two to three Major Cooperative Commercial Banks. Accordingly, the Company is able to ensure that the interest rates and terms for the deposits placed by the Group with TBEA Finance are on normal commercial terms or better.

## **INFORMATION ON THE PARTIES**

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

TBEA is a joint stock company incorporated in the PRC on 26 February 1993, and listed on the Shanghai Stock Exchange (stock code: 600089). As at the date of this announcement, its registered capital is RMB5,052,710,023. TBEA and its close associates (excluding the Group) is mainly engaged in: (i) production and sales of transformers, inductors, wires, cables and other electrical and machinery equipment; (ii) construction and contracting of domestic and international power transmission and transformation projects, hydro and geothermal power projects; (iii) procurement and sales of coal; and (iv) generation and sales of electricity and heat, etc.

Xinjiang Tianchi is a company with limited liability incorporated in the PRC on 29 November 2002, and a subsidiary of TBEA. As at the date of this announcement, its registered capital is RMB10 billion and TBEA directly holds 85.78% of Xinjiang Tianchi's equity interest. The main business of Xinjiang Tianchi is the mining and sales of coal.

TBEA Finance is a company incorporated in the PRC with limited liability on 29 November 2018, and a subsidiary of TBEA. As at the date of this announcement, its registered capital is RMB1 billion. TBEA Finance is a non-bank financial institution approved by the NFRA with various qualifications for the provision of financial services to members of corporate groups.

Xinjiang Joinworld is a joint stock company incorporated in the PRC with limited liability on 13 February 1996, and listed on the Shanghai Stock Exchange (stock code: 600888). As at the date of this announcement, the registered capital of Xinjiang Joinworld is RMB1,350,024,855 and TBEA holds 34.23% of Xinjiang Joinworld's equity interest. Xinjiang Joinworld is specialized in producing and selling high-purity aluminium, electronic aluminium foil, etched foil, raw materials for foil-forming electronic components, aluminium and aluminium products, aluminium alloy and carbon.

Xinjiang Tebian is a company with limited liability incorporated in the PRC on 27 January 2003. As at the date of this announcement, its registered capital is RMB75,000,000. The main business of Xinjiang Tebian is the production and sales of mechanical and electrical products and electrical accessories, production and sales of new energy power station equipment, providing engineering services, real estate development and sales and industrial investment. As of the date of this announcement, to the knowledge of the Company, Mr. Zhang Xin directly holds 40.08% equity interest in Xinjiang Tebian and indirectly holds 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. Xinjiang Xingze Enterprise Management Limited Partnership\* (新疆興則企業管理有限合夥企業) holds 32.95% equity interest in Xinjiang Tebian and its general partner are 70% and 30% held respectively by Mr. Zhang Xin and two other employees of Xinjiang Tebian (in together), and its limited partners are four partnership enterprises held by 134 employees of Xinjiang Tebian. The remaining eight natural person shareholders hold a total of 2.93% equity interest in Xinjiang Tebian. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save as the equity interests held by Mr. Zhang Xin in Xinjiang Tebian above, the ultimate beneficial owners of in Xinjiang Tebian are not Connected Persons of the Company nor connected with the Connected Persons of the Company.

## **GENERAL**

The Company will seek approval from the Independent Shareholders at the EGM in respect of the New TBEA Framework Agreements, New Xinjiang Tebian Framework Agreements and New Financial Services Framework Agreement and the proposed annual caps thereunder. Such resolutions will be put forward by way of an ordinary resolution and decided by way of poll at the EGM. TBEA Group shall abstain from voting on the resolutions to be proposed at the EGM relating to the approval of the New TBEA Framework Agreements and the New Financial Services Framework Agreement and the proposed annual caps thereunder. Xinjiang Tebian Group shall abstain from voting on the resolutions to be proposed at the EGM relating to the approval of the New Xinjiang Tebian Framework Agreements and the proposed annual caps thereunder.

The Independent Board Committee comprising of all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the New Framework Agreements and the proposed annual caps thereunder. Kingsway Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further information on the New Framework Agreements and the proposed annual caps thereunder; (ii) the letter of advice from the Independent Financial Adviser; (iii) the recommendation from the Independent Board Committee; and (iv) the EGM notice is expected to be despatched to Shareholders on or before 8 November 2023 in accordance with the Listing Rules.

## **DEFINITIONS**

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

“200,000-ton Polysilicon Project in Zhundong”	the 200,000-ton-per-annum high-end electronic-grade polysilicon green low-carbon circular economy construction project in the Changji Zhundong Industrial Park in Xinjiang Uygur Autonomous Region, the PRC, which is divided into the first phrase of 100,000-ton Polysilicon Project in Zhundong and the second phrase of 100,000-ton Polysilicon Project in Zhundong
“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“associate(s)”	has the same meaning as 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 limited liability company on 16 October 2012, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1799)
“Connected Person(s)”	has the same meaning as ascribed to it under the Listing Rules

“Continuing Connected Transaction(s)”	has the same meaning as ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“Deposit Services”	the deposit services to be provided by TBEA Finance to the Group under the New Financial Services Framework Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the second extraordinary general meeting of 2023 of the Company to be convened and held as soon as practicable to consider and, if thought fit (among others), approve the New Framework Agreements and the proposed annual caps thereunder
“Existing Financial Services Framework Agreement”	the financial services framework agreement entered into between the Company and TBEA Finance on 10 November 2020, under which the annual caps were revised by the supplemental framework agreement entered into between the Company and TBEA Finance on 13 October 2021
“Existing TBEA Framework Agreements”	the product procurement framework agreement (TBEA), the coal procurement framework agreement, the miscellaneous services framework agreement (TBEA) and the product sales framework agreement entered into between the Company and TBEA on 10 November 2020, under which the annual caps were revised by the supplemental framework agreements entered into between the Company and TBEA on 13 October 2021 and 17 October 2022, respectively
“Existing Xinjiang Tebian Framework Agreements”	the product procurement framework agreement (Xinjiang Tebian) and the miscellaneous services framework agreement (Xinjiang Tebian) entered into between the Company and Xinjiang Tebian on 10 November 2020, under which the annual caps were revised by the supplemental framework agreements entered into between the Company and Xinjiang Tebian on 13 October 2021 and 17 October 2022, respectively

“Group”	the Company and its subsidiaries
“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 New Framework Agreements and the proposed annual caps 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 New Framework Agreements and their proposed annual caps
“Independent Shareholders”	Shareholders other than TBEA Group and/or Xinjiang Tebian Group (as the cases may be)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Major Cooperative Commercial Banks”	major state-owned commercial banks and national joint stock commercial banks in the PRC that cooperate with the Group
“New Coal Procurement Framework Agreement”	the coal procurement framework agreement entered into by the Company and TBEA on 17 October 2023
“New Financial Services Framework Agreement”	the financial services framework agreement entered into between the Company and TBEA Finance on 17 October 2023
“New Framework Agreements”	the New TBEA Framework Agreements, the New Xinjiang Tebian Framework Agreements and the New Financial Services Framework Agreement
“New Miscellaneous Services Framework Agreement (TBEA)”	the miscellaneous services framework agreement entered into by the Company and TBEA on 17 October 2023

“New Miscellaneous Services Framework Agreement (Xinjiang Tebian)”	the miscellaneous services framework agreement entered into by the Company and Xinjiang Tebian on 17 October 2023
“New Product and Service Sales Framework Agreement”	the product and service sales framework agreement entered into between the Company and TBEA on 17 October 2023
“New Product Procurement Framework Agreement (TBEA)”	the product procurement framework agreement entered into by the Company and TBEA on 17 October 2023
“New Product Procurement Framework Agreement (Xinjiang Tebian)”	the product procurement framework agreement entered into by the Company and Xinjiang Tebian on 17 October 2023
“New TBEA Framework Agreements”	the New Product Procurement Framework Agreement (TBEA), the New Coal Procurement Framework Agreement, the New Miscellaneous Services Framework Agreement (TBEA) and the New Product and Service Sales Framework Agreement
“New Xinjiang Tebian Framework Agreements”	New Product Procurement Framework Agreement (Xinjiang Tebian) and New Miscellaneous Services Framework Agreement (Xinjiang Tebian)
“NFRA”	the National Financial Regulatory Administration of the PRC and its branch offices, including its predecessor, the China Banking and Insurance Regulatory Commission (CBIRC). The NFRA is an agent directly under the State Council established on the basis of the CBIRC. In March 2023, the CPC Central Committee and the State Council issued the Plan on Reform of Party and State Institutions, and decided to establish the NFRA on the basis of the CBIRC which was no longer retained. The NFRA was established on 18 May 2023
“PBOC”	the People’s Bank of China
“percentage ratios”	has the meaning ascribed to that term in Chapter 14 of the Listing Rules

“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Procurement Requirements”	requirements issued to the Company’s procurement department by the Group based on their business needs
“PV”	photovoltaic
“Qualified Supplier(s)”	supplier(s) assessed as qualified and listed as qualified supplier(s)
“Qualified Supplier Application”	application as a Qualified Supplier submitted during the Company’s Qualified Supplier assessment process
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) in the share capital of our Company with a nominal value of RMB1.00 each, including Domestic shares and H shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the same meaning as ascribed to it under the Listing Rules
“Supervisory Board”	the supervisory board of the Company
“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 Finance”	TBEA Group Finance Co., Ltd. (特變電工集團財務有限公司), a company incorporated in the PRC with limited liability on 29 November 2018 as well as a non-bank financial institution approved by NFRA and a subsidiary of TBEA
“TBEA Group”	TBEA and its associates (excluding the Group)

“Xinjiang Joinworld”	Xinjiang Joinworld Co., Ltd. (新疆眾和股份有限公司), a joint stock company incorporated in the PRC with limited liability on 13 February 1996 and listed on the Shanghai Stock Exchange (stock code: 600888)
“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 Tebian Group”	Xinjiang Tebian and its associates
“Xinjiang Tianchi”	Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司), a company with limited liability incorporated in the PRC on 29 November 2002 and a subsidiary of TBEA
“%”	per cent

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

Xinjiang, the PRC  
17 October 2023

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