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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
PROPOSED ADOPTION OF CHINA ACCOUNTING STANDARDS
FOR BUSINESS ENTERPRISES FOR THE PREPARATION OF
FINANCIAL STATEMENTS;
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
AND
PROPOSED CHANGE OF AUDITOR**

On 22 October 2021, the board of directors (the “**Board**”) of Xinte Energy Co., Ltd. (the “**Company**”) considered and approved the proposed adoption of China Accounting Standards for Business Enterprises (the “**CASBE**”) for the preparation of financial statements, proposed to make certain amendments to the articles of association of the Company (the “**Articles of Association**”) and proposed change of auditor from PricewaterhouseCoopers (“**PwC**”) to SHINEWING Certified Public Accountants LLP (“**SHINEWING**”).

**PROPOSED ADOPTION OF THE CASBE FOR THE PREPARATION OF
FINANCIAL STATEMENTS**

Since the listing of the Company’s H shares on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), the Company has been adopting the International Financial Reporting Standards to prepare the financial statements published on the Hong Kong Stock Exchange, and disclosing corresponding financial information in accordance with the requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Hong Kong Listing Rules**”).

According to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by the Hong Kong Stock Exchange in December 2010, the issuers listed in Hong Kong and incorporated in mainland China have been approved to adopt the CASBE to prepare their financial statements, and China accounting firms recognized by the Ministry of Finance of the People’s Republic of China (the “**MOF**”) and the China Securities Regulatory Commission (the “**CSRC**”) are permitted to audit such financial statements by adopting the China Standards on Auditing.

Reference is made to the announcement dated 13 January 2021 of the Company (the “**Announcement**”), in relation to that the Company is now considering and exploring the possibility of an initial public offering of the Company’s ordinary shares traded in Renminbi (the “**Proposed Issuance of A Shares**”). As the Company is now considering and exploring for matters relating to the Proposed Issuance of A Shares, in order to concurrently meet the reporting requirements of the Proposed Issuance of A Shares and the Hong Kong Listing Rules, the Board proposed that the Company shall adopt the CASBE for the preparation of the financial statements published on the Hong Kong Stock Exchange and disclosure of corresponding financial information from 2021, subject to approval by the shareholders of the Company (the “**Shareholders**”) at the third extraordinary general meeting of 2021 of the Company (the “**EGM**”). The Board considered that the proposed adoption of the CASBE will enhance efficiency and reduce audit costs, which is in the interests of the Company and the Shareholders. The proposed adoption of the CASBE does not have any material adverse impact on the Company’s financial condition and meeting the disclosure requirements of the annual results for the year ending 31 December 2021.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As the Company proposes to adopt the CASBE for the preparation of the financial statements and disclose corresponding financial information, the Company proposes to amend relevant terms of the Articles of Association, subject to approval by the Shareholders at the EGM, details are as follows:

Before amendment	After amendment
<p>Article 210 The financial statement of the Company shall be prepared in line with the accounting standards, laws and regulations of China, <u>the Company shall also follow the international accounting standards or the accounting standards of the listing region while preparing the financial statement. If there is any significant discrepancy between the financial statements prepared in accordance with two accounting standards, such discrepancy shall be specified in the notes on the financial statements. When the Company distributes the post-tax profit in an accounting year, the smaller post-tax profit in the aforesaid two financial statements shall prevail.</u></p>	<p>Article 210 The financial statement of the Company shall be prepared in line with the accounting standards, laws and regulations of China.</p>

Before amendment	After amendment
<p>Article 211 The interim results or financial information published or disclosed by the Company shall be prepared according to the Chinese accounting standards, laws and regulations, <u>and also in line with the international accounting standards or the accounting standards observed in the overseas listing region.</u></p>	<p>Article 211 The <u>quarterly/interim/annual</u> results or financial information published or disclosed by the Company shall be prepared according to the Chinese accounting standards, laws and regulations.</p>

PROPOSED CHANGE OF AUDITOR

PwC has been serving as international auditor of the Company since the Company's listing on the Hong Kong Stock Exchange and is responsible for auditing the Company's financial statements prepared in accordance with the International Financial Reporting Standards. As the Company is now considering and exploring for the Proposed Issuance of A Shares, the Company proposes to appoint an auditor to audit the financial statements prepared in accordance with the CASBE, in order to meet the reporting requirements of the Proposed Issuance of A Shares and the Hong Kong Listing Rules. Upon friendly communication, the Company and PwC have reached consensus to terminate the appointment of PwC as the Company's international auditor, subject to approval by the Shareholders at the EGM.

In view of the proposed adoption of the CASBE for the preparation of the financial statements, and appointment of SHINEWING by the Company's controlling shareholder TBEA Co., Ltd. (特變電工股份有限公司) (the "TBEA") as its auditor to audit financial statements of TBEA and its subsidiaries (including the Group) prepared in accordance with the CASBE. Therefore, in order to save auditing expenses, and enhance efficiency, upon consideration and recommendation by the audit committee of the Board, the Board also proposed the appointment of SHINEWING as the auditor of the Company for 2021 for the audit of the financial statements prepared in accordance with the CASBE to audit the Company's 2021 financial statements and to propose to the EGM to authorize the Board to determine its remuneration. SHINEWING will hold office until the conclusion of the next annual general meeting of the Company. SHINEWING will discharge the duties as an auditor under the Hong Kong Listing Rules after obtaining the approval by the Shareholders at the EGM. SHINEWING is a firm of practicing accountants which has been approved by the MOF and the CSRC and eligible to provide auditing services by adopting the China Standards on Auditing to the issuers listed in Hong Kong and incorporated in mainland China.

PwC has confirmed in writing that there are no matters which needs to be brought to the attention of the Shareholders in connection with the termination of its appointment as the Company's international auditor. The Board has confirmed that it is not aware of any matters in relation to such termination of appointment that needs to be brought to the attention of the Shareholders. The Board and the audit committee of the Board have also confirmed that there are no disagreement or unresolved matters between the Company and PwC. The Board would like to take this opportunity to express its gratitude to PwC for its professional support and services rendered to the Company over the past years.

The Company considers that the termination of appointment of PwC as the Company's international auditor and proposed appointment of SHINEWING as the Company's auditor will not affect the Company's publication of the annual results for the year ending 31 December 2021.

A circular containing, among other things, details of (i) proposed adoption of the CASBE for the preparation of financial statements; (ii) proposed amendments to the Articles of Association; and (iii) proposed change of auditor together with the notice to convene the EGM will be dispatched to the Shareholders in due course.

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

Xinjiang, the PRC
22 October 2021

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.