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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 EXCEEDED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS AND REVISED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS**

### **I. Non-Exempt Continuing Connected Transactions exceeded Annual Caps of 2015**

Reference is made to the prospectus of Xinte Energy Co., Ltd. dated 17 December 2015 (“**Prospectus**”) in relation to, *inter alia*, the continuing connected transactions between the Company and TBEA and between the Company and Xinjiang Tebian. Board of the Company announce that, as of 31 December 2015, each of the transaction amounts under the TBEA Products Procurement Framework Agreement and Coal Procurement Framework Agreement (as defined below) entered into between the Company and TBEA has exceeded its corresponding 2015 annual cap as disclosed in the Prospectus. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

### **1. Products Procurement Framework Agreement with TBEA**

#### **1.1 Background of the Transactions**

As disclosed in the Prospectus, the Company entered into a products procurement framework agreement (“**TBEA Products Procurement Framework Agreement**”) with TBEA, being the Controlling Shareholder of our Company, on 30 October 2015, pursuant to which, TBEA and/or its associates shall provide the Company with transformers (including ancillary equipments), wires, cables and other equipments. The TBEA Products Procurement Framework Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent, and the relevant subsidiaries or associated companies of both parties will enter into separate agreement which will set out the specific terms and conditions (including the pricing and quality standards) according to the normal commercial terms provided in the TBEA Products Procurement Framework Agreement. At the time of the listing of the H Shares of the Company on

the Stock Exchange in December 2015, the Stock Exchange has granted the Company a waiver, among others, for TBEA Products Procurement Framework Agreement from strict compliance with the announcement requirement under Rule 14A of the Listing Rules provided that the total value of transactions contemplated thereunder (“**TBEA Products Procurement**”) for each of the three financial years ending 31 December 2015, 2016 and 2017 will not exceed the annual caps set forth below:

	<b>Approved annual cap for each of the year ended/ending 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Amount for TBEA Products Procurement fee payable by us to TBEA and/or its associates	135,000,000	140,000,000	145,000,000

However, during the process of preparing the consolidated financial statements of the Company for the year ended 31 December 2015, it was discovered that the transactions with TBEA under the TBEA Products Procurement Framework Agreement amounted to RMB389,533,636, which exceeded the 2015 annual cap by RMB254,533,636, representing 189% of the annual cap. Pursuant to Rule 14A.76 of the Listing Rules, as at least one of the applicable percentage ratios of the transaction amount calculated under the Listing Rules exceeds 5%, the Company is subject to the announcement, circular and independent Shareholders’ approval requirements. The actual transaction amount and the approved annual cap for the year ended 31 December 2015 are shown as below:

	<b>Actual transaction amount for the year ended 31 December 2015 <i>(RMB)</i></b>	<b>Approved annual cap for the year ended 31 December 2015 <i>(RMB)</i></b>
Amount for TBEA Products Procurement fee payable by us to TBEA and/or its associates	389,533,636	135,000,000

## **1.2 Reasons for Exceeding the Cap**

As a group of companies engaging in new energy industry such as photovoltaic and wind power projects, the Group’s business operations are highly sensitive towards policy changes, especially in terms of benchmark on-grid tariff. The introduction of new policies would cause significant changes in the business scale of the Group. The Group has strived to keep its flexibility in business so as to promptly react to new policies and maximize

the opportunities through helping the customers of the Company to take advantage of such policies. For the Group, the fourth quarter of 2015 witnessed a number of instances combining the foregoing factors, which were the primary reasons why the Group exceeded the 2015 annual cap in respect of the TBEA Products Procurement Framework Agreement.

In December 2015, the National Development and Reform Commission implemented the “Notice in Relation to Optimizing the Benchmark On-grid Pricing Policy for Onshore Wind Power and Photovoltaic Power” (《關於完善陸上風電、光伏發電上網標桿電價政策的通知》) (“**Notice**”), according to which the benchmark on-grid tariff for wind power and photovoltaic power generation will be downward adjusted in 2016. The Notice provided that photovoltaic power projects which have been filed before 2016 and included in the capacity management for the year but will not be fully operative before 30 June 2016 shall adopt the new benchmark on-grid tariffs. That is, the benchmark on-grid tariff for photovoltaic power station category I resource region is RMB0.80/kWh (originally RMB0.90/kWh), the benchmark on-grid tariff for category II resource region is RMB0.88/kWh (originally RMB0.95/kWh), and the benchmark on-grid tariff for photovoltaic power station category III resource region is RMB0.98/kWh (originally RMB1.00/kWh).

For wind power projects which have been approved before 2016 but the construction work has yet to be commenced by the end of 2017, the new 2016 benchmark on-grid tariff will be adopted. That is, the benchmark on-grid tariff for category I resource region is RMB0.47/kWh (originally RMB0.51/kWh), the benchmark on-grid tariff for category II resource region is RMB0.50/kWh (originally RMB0.54/kWh), the benchmark on-grid tariff for category III resource region is RMB0.54/kWh (originally RMB0.58/kWh) and category IV resource region is RMB0.60/kWh (originally RMB0.61/kWh).

According to relevant laws and regulations, once the benchmark on-grid tariff has been determined, it will be adopted and remain unchanged for the whole period of business operation (20 years for photovoltaic power station, 20 years for wind power station). The level of benchmark on-grid tariff is directly related to the operation efficiency and investment payback period of photovoltaic and wind power stations. Therefore, photovoltaic and wind power stations which could start construction before 2016 would be able to adopt higher benchmark on-grid tariffs. Following the proposed change of policy, the Company has started extensive constructions and installations of photovoltaic and wind power stations in late 2015 so as to employ the higher benchmark on-grid tariffs.

In summary, the relevant policy has stimulated the progress in installation and construction of photovoltaic and wind power stations as well as related EPC services in the fourth quarter of 2015. The extensive increase of the Company’s business scale in EPC and BT power station construction projects also resulted in substantial procurement of related equipments and materials. In 2015, the established capacity for power stations completed by the Group and with revenue recognized was over 1,200MW, representing an increase of 46% over 822.3MW in the corresponding period of 2014. The capacity for projects being constructed and BT projects that have not been transferred and with revenue not recognized amounted to 687.5MW. The company has also set up BOO projects of 450MW. The overall construction scale of photovoltaic power stations and wind power stations has more than doubled as compared with the corresponding period of 2014. In 2015, the total procurement amount of the Company was RMB13.3 billion, representing an increase of more than 80% over the corresponding period of 2014.

Meanwhile, as facilitated by the abovementioned policies, the supply market of transformers (including ancillary equipments), wires, cables and other equipments has become very competitive, resulting in a decrease in equipment market price. Since TBEA has leading advantages in equipment supply, TBEA was able to provide more competitive prices to satisfy quality requirements in the tenders. As such, the actual transaction amount between the Company and TBEA under the TBEA Products Procurement Framework Agreement has significantly increased in the fourth quarter of 2015, which exceeds the approved cap.

### **1.3 Proposed Revised Caps and Basis of the Proposed Revised Caps**

In response to the significant increase in the Company's business scale and transaction volume, the Company has proposed that the annual caps for the TBEA Products Procurement Framework Agreement for the years ending 31 December 2016 and 2017 to be revised respectively to cope with the business development of the Company. Pursuant to "The Action Plan for Energy Development Strategy (2014–2020)" (《能源發展戰略行動計劃(2014–2020)》), the government will further encourage a larger scale of investment in new energy, and promote new energy industry such as photovoltaic power generation to develop in a healthy and orderly manner. Specifically, the balanced development of new energy in different places will be facilitated, the efficiency of additional subsidies on electricity for renewable energy will be improved, the benchmark on-grid tariff of photovoltaic power generation will be gradually lowered as the development scale rises, and the difference is to be subsidized by the National Renewable Energy Development Fund. Since the Company benefits from the government's favourable policies, it is anticipated that there will be further expansion of the Company's business, and the demand for transformers (including ancillary equipment), wires, cable and other equipment will further increase. In the tendering process of the Company, TBEA has comparative advantages in the areas of product price, product quality, product delivery time and payment terms, hence resulting in higher percentage of winning bids and a higher volume of connected transactions as compared with previous years.

In determining the revised caps, the Company has considered the historical transaction amount between the Company and TBEA, and the Company's intention of investing more resources in promoting photovoltaic power and wind power capacity. As the business of the Company rapidly develops, the Board considers that each of the prevailing caps for TBEA Products Procurement for the years ending 31 December 2016 and 2017 would not be sufficient to cope with the needs and demands of the Company for each of the years ending 31 December 2016 and 31 December 2017.

In view of the above reasons, the Board proposed to revise the prevailing annual caps for TBEA Products Procurement Framework Agreement for each of 2016 and 2017. The historical amounts, the prevailing annual caps and the proposed revised annual caps for TBEA Products Procurement Framework Agreement for the corresponding years are shown in the table below.

Historical figures and the annual caps:

<i>Unit: RMB</i>	Historical amounts for the past three years ended 31 December			Original annual caps for the years ended/ending 31 December			Proposed revised annual caps for the years ending 31 December	
	2013	2014	2015	2015	2016	2017	2016	2017
	Amount for TBEA Products Procurement payable by us to TBEA and/or its associates	212,800,000	127,270,000	389,533,636	135,000,000	140,000,000	145,000,000	500,000,000

#### 1.4 Reasons for the Transactions

According to our past cooperation experiences with TBEA, the products provided by TBEA in power transmission industry enjoy leading positions in the market and are of excellent quality. In recent years, the Company has used more and more TBEA's products such as transformers, wires and cables for the construction of the Company's photovoltaic and wind power stations. The products provided by TBEA are crucial to the quality of our photovoltaic and wind power stations construction as well as our long term stability of operation. As these products are prerequisite for our business operation, we usually purchase them through bidding process and market comparison. With high-quality equipment and competitive prices, TBEA and/or its associates participated in some of the biddings and won. The Directors are of the view that the TBEA Products Procurement Framework Agreement and the transactions contemplated thereunder are beneficial to and cost-effective for our operation and development, and therefore is in the best interest of the Company and the Shareholders as a whole.

#### 1.5 Pricing Standard

We adopt the following bidding procedures and principles to determine the price for TBEA Products Procurement:

- Our procurement department and bidding department will regularly contact our suppliers in order to get close to the market development and the price trend of the raw materials of the relevant products;
- Our bidding management department and bidding evaluation committee (the "**Bidding Evaluation Committee**"), comprised of representatives from the procurement department (including procurement and supply chain management departments), supervisory departments (including finance department, legal department and audit

division) and bidding management department, other senior management members (including deputy general manager, chief accountant and general manager) and representatives from departments which would use the procured products, will form a special department to consider factors, such as the product features, quality requirements, etc., to recommend suppliers. We will also invite several different qualified suppliers in our recognized supplier's list to submit fee quotations and proposals on the specifications before placing certain procurement orders;

- The prices of the products of the suppliers will be determined by the Bidding Evaluation Committee. Our Bidding Evaluation Committee would attach more importance to the quality of the products which could satisfy our business needs. Provided that the quality standards can be satisfied, we will consider the bidding price in order to maintain effective cost control. If the bidding prices made by different suppliers are competitive, we will also consider other factors including the background of the supplier, the warranty terms and period, the products return rate, punctuality of the delivery and the payment terms;
- If there are other independent suppliers, we will require fee quotations of the same products from these independent suppliers, so as to ensure that products with the same quality could be timely obtained at the most competitive price; and
- During the bidding process, our Group will treat our Connected Persons and independent suppliers equally. Thus, on the condition that the relevant technical and quality requirements are satisfied, if we can obtain more preferential terms from independent suppliers, for instance better payment terms, we will not procure the products from our Connected Persons.

## 1.6 Listing Rules Implications

Since at least one of the applicable percentage ratios calculated under the Listing Rules of the proposed revised annual caps of transactions contemplated under the TBEA Products Procurement Framework Agreement exceeds 5% of the year, the Company has to re-comply with the reporting, announcement, circular, and independent Shareholders' approval requirements as pursuant to Rule 14A.35 to 14A.48 of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Board will seek the approval of the independent Shareholders at the forthcoming 2015 annual general meeting, among other things, (i) to approve and ratify the exceeded cap for the year ended 31 December 2015 in relation to the TBEA Products Procurement, and (ii) to approve the proposed revised caps of the TBEA Products Procurement Framework Agreement for the years ending 31 December 2016 and 31 December 2017.

The Company has established an independent board committee ("**Independent Board Committee**"), comprising all the independent non-executive Directors, to advise the independent Shareholders on, among other things, whether (i) the TBEA Products

Procurement for the year ended 31 December 2015 are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole; (ii) the ratification of the TBEA Products Procurement for the year ended 31 December 2015 is in the interests of the Company and Shareholders as a whole; and (iii) the proposed revised annual caps have been determined on a fair and reasonable basis, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser.

TBEA and its associates shall abstain from voting at the 2015 annual general meeting in relation to the TBEA Products Procurement Framework Agreement, the exceeded 2015 annual cap and the proposed revised annual caps.

In this connection, the Company has appointed TC Capital Asia Limited as the independent financial adviser (“**Independent Financial Adviser**”) to advise the Independent Board Committee and the independent Shareholders in relation to TBEA Products Procurement Framework Agreement and the proposed revised annual caps.

The Company will disclose information in relation to the TBEA Products Procurement Framework Agreement in accordance with the requirements under Rule 14A.45 of the Listing Rules. A circular of the 2015 annual general meeting containing, among others, (i) details of the TBEA Products Procurement for the year ended 31 December 2015; (ii) details of the proposed revised annual caps for the years ending 31 December 2016 and 2017; (iii) the advice and recommendations from the Independent Board Committee in respect of the TBEA Products Procurement for the year ended 31 December 2015 and the proposed revised annual caps for the years ending 31 December 2016 and 2017; (iv) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the independent Shareholders in respect of the TBEA Products Procurement for the year ended 31 December 2015 and the proposed revised annual caps for the years ending 31 December 2016 and 2017; and (v) a notice of 2015 annual general meeting will be dispatched to the Shareholders on or before 18 April 2016.

## **2. Coal Procurement Framework Agreement with TBEA**

### **2.1 Background of the Transactions**

As disclosed in the Prospectus, the Company entered into a coal procurement framework agreement with TBEA on 30 October 2015 (“**Coal Procurement Framework Agreement**”), pursuant to which, TBEA and/or its associates shall provide coal to us. Pursuant to Coal Procurement Framework Agreement, Xinjiang Tianchi Energy Co., Ltd (“**Xinjiang Tianchi**”), a subsidiary of TBEA, provided coal to the Company for power generation and heating. The Coal Procurement Framework Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent, and the relevant subsidiaries or associated companies of both parties will enter into separate agreement which will set out the specific terms and conditions (including the pricing

and quality standards) according to the normal commercial terms provided in the Coal Procurement Framework Agreement. At the time of the listing of the H Shares of the Company on the Stock Exchange in December 2015, the Stock Exchange has granted the Company a waiver, among others, for the Coal Procurement Framework Agreement from strict compliance with the announcement requirement under Rule 14A of the Listing Rules provided that the total value of transactions contemplated thereunder (“**Coal Procurement**”) for each of the three financial years ending 31 December 2015, 2016 and 2017 will not exceed the annual caps set forth below:

**Approved annual cap for each of the  
year ending/ended 31 December**

	<b>2015</b> <i>(RMB)</i>	<b>2016</b> <i>(RMB)</i>	<b>2017</b> <i>(RMB)</i>
Amount for Coal Procurement fee payable by us to TBEA and/or its associates	130,000,000	130,000,000	130,000,000

However, in the preparation of consolidated financial statements of the Company for the year ended 31 December 2015, it was discovered that the transaction value between the Company and TBEA under the Coal Procurement Framework Agreement amounted to RMB149,434,303 and therefore exceeded the 2015 annual cap by RMB19,434,303, representing 14.95% of the annual cap. Pursuant to Rule 14A.76 of the Listing Rules. Since at least one of the applicable percentage ratios of the transaction calculated under the Listing Rules exceeded 0.1% but below 5%, the Coal Procurement Framework Agreement and the transactions contemplated thereunder are subject to annual reporting, annual review and announcement requirements, but will be exempted from circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. The actual transaction volume and the approved annual cap for the year ended 31 December 2015 are shown as below:

	<b>Actual transaction amount for the year ended 31 December 2015</b> <i>(RMB)</i>	<b>Original annual cap for the year ended 31 December 2015</b> <i>(RMB)</i>
Amount for Coal Procurement fee payable by us to TBEA and/or its associates	149,434,303	130,000,000



## **2.2 Reasons for Exceeding the Cap**

### ***a) Increased utilizing hours and power generation volume in self-operated power plants***

Our self-operated power plants are mainly for the Company to produce polysilicon. In 2015, the Company's polysilicon production volume increased over 20% as compared with the corresponding period of 2014. The self-operated power plants therefore recorded a higher utilization hours to cater the greater demand from polysilicon production. The self-operated power plants recorded 6,415 utilization hours in 2015, with the total power generation of 4.49 billion kWh. The figures in 2015 represent an increase of 6% in utilization hours, as well as an increase of 0.24 billion kWh over the corresponding period of 2014. Since coal is the major fuel for the power plants of the Company, the coal procurement volume hence recorded an increase in the year.

### ***b) Increased Zhundong Coal portion in mixed burning***

Zhundong district is the largest coal production area in Xinjiang, with thermal coal of calorific value 4,300–4,500 as its major coal type. When using Zhundong coal, power stations have to add other types of high-ash coal with higher calorific value for coal mixing and the mixing coal's price is much higher than Zhundong coal. For our self-operated power plants, due to a lower coal price in Zhundong district, Xinjiang, the higher portion of Zhundong coal is used, the cheaper cost will be achieved in generating electricity. In our two years operation, from 2013 to 2014, the portion of Zhundong coal used has increased from 45% to 75%, thus the Company has gradually increased the portion of Zhundong coal. In 2015, the Company increased Zhundong coal portion to 90% in mixed burning by improving the technology adopted. As such, the purchase volume of Zhundong coal from Xinjiang Tianchi increased, and hence the volume of connected transaction.

### ***c) Newly operated coal mine by Xinjiang Tianchi***

In 2015, Xinjiang Tianchi started the operation of a new coal mine in JiangJun Gobi region, Xinjiang. The main coal type is high-ash coal, which can be used for the Company's coal mixing. Through price comparison, some of the high-ash coal was procured from Xinjiang Tianchi for the Company's self-operated power plants.

Due to the increased power generation in self-operated power plants and increased Zhundong coal portion in mixed burning, coal procurement volume recorded an increase over last year and exceeded the relevant approved cap for connected transactions.

## **2.3 Proposed Revised Caps and Basis of the Proposed Revised Caps**

In response to the Company's actual increase in business volume, the Company proposed to revise the annual caps in connection with the Coal Procurement to align with our business development. We plan to further increase our production volume in polysilicon, thus our electricity generation volume demand for coal would also increase. Meanwhile,

in determining the revised caps, we have considered the historical transaction volume between our Company and TBEA, as well as the transportation fee of certain coal. As such, the coal transaction volume would significantly increase. By taking into account that the business of the Company has grown rapidly, and based on the Group's anticipated growth and expansion, the Board considers that each of the prevailing annual caps with TBEA for the years 2016 and 2017 would not be sufficient to cope with the needs and demands of the Company for each of the years ending 31 December 2016 and 31 December 2017.

In view of the above reasons, the Board proposed to revise the prevailing annual caps for Coal Procurement Framework Agreement for each of 2016 and 2017. The historical amounts, the prevailing annual caps and the proposed revised annual caps for Coal Procurement Framework Agreement for the corresponding years are shown in the table below:

Historical figures and the annual caps:

<i>Unit: RMB</i>	Historical amounts for the past three years ended 31 December			Original annual caps for the years ended/ending 31 December			Proposed revised annual caps for the years ending 31 December	
	2013	2014	2015	2015	2016	2017	2016	2017
Amount for Coal Procurement payable by us to TBEA and/or its associates	59,810,000	88,685,000	149,434,303	130,000,000	130,000,000	130,000,000	200,000,000	200,000,000

## 2.4 Reasons for the Transaction

Xinjiang Tianchi currently owns two open pit coal mines with a total coal reserve of 12 billion tones. Coal procured by our Company is mainly used for power generation and heating and we purchased coal from Xinjiang Tianchi historically. Xinjiang Tianchi has low stripping ratio and large scale of exploration, and therefore enjoys a significant price advantage when compared with its competitors. Given the high quality, supply stability, the geographical proximity of the coal mine of Xinjiang Tianchi to us and the lower transportation cost, our Directors are of the opinion that it is in the best interest of our Company and our Shareholders as a whole to purchase coal from Xinjiang Tianchi.

## 2.5 Pricing Standard

In order to ensure that the terms of procurement of coal offered by TBEA and/or its associates are fair and reasonable and in line with market practice, we will adopt the following comprehensive measures and principles:

- The final coal supplier will be determined by taking into account of several factors, including whether the coal supplied satisfies the coal quality requirement for boilers installed in our power plant, the price, distance with the supplier, the transportation cost, the scale of the supplier, the management standard of the supplier and whether the supplier can provide sufficient and stable supply.

- Our company will collect the selling price information from different coal suppliers located in the same or proximate district which are able to provide coal to meet our standard requirements.
- Through arm's length negotiation with the coal suppliers, including Independent Third Party, we can determine the suitable procurement price for coal procurement

## **2.6 Listing Rules Implications**

Since at least one of the applicable percentage ratio of the proposed revised caps in respect of the Coal Procurement Framework Agreement for the two years ending 31 December 2016 and 2017 calculated for the purpose of Chapter 14A of the Listing Rules is expected to be more than 0.1% but less than 5% on an annual basis, such transactions will constitute continuing connected transactions of our Company subject to annual reporting, annual review and announcement requirements, but will be exempted from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **II. Exempted Connected Transaction: Miscellaneous Construction Services Framework Agreement with TBEA**

### **1. Background of the Transactions**

As disclosed in the Company's Prospectus, the Company entered into a miscellaneous construction services framework agreement ("**TBEA Miscellaneous Construction Services Framework Agreement**") on 30 October 2015, pursuant to which, TBEA and/or its associates shall provide us with miscellaneous construction services (such as greening service, installation of water, electricity, gas and heat facilities) ("**TBEA Miscellaneous Construction Services**"). The TBEA Miscellaneous Construction Services are mainly supportive in nature and are different from the main construction service for our EPC and BT businesses. The TBEA Miscellaneous Construction Services Framework Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent, and the relevant subsidiaries or associated companies of both parties will enter into separate agreement which will set out the specific terms and conditions (including the pricing and quality standards) according to the normal commercial terms provided in the TBEA Miscellaneous Construction Services Framework Agreement. In signing the TBEA Miscellaneous Construction Services Framework Agreement, based on the prevailing circumstances, the Directors of the Company expected that each of the relevant percentage ratios (except for the profits ratio) of the transaction amount in respect of the TBEA Miscellaneous Construction Services Framework Agreement calculated for the purpose of Chapter 14A of the Listing Rules would fall within the de minimis threshold as stipulated under Rule 14A.76 of the Listing Rules. Accordingly, the transaction was expected to be exempted from annual reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, during the process of preparing the Company's consolidated financial statements for the year ended 31 December 2015, it was discovered that the transaction value with TBEA pursuant to the TBEA Miscellaneous Construction Services Framework Agreement during this period amounted to RMB22,095,190. By virtue of Rule 14A.76 of the Listing Rules, as at least one of the annual percentage ratios of the transaction amount calculated for the purpose of the Listing Rules is more than 0.1% but less than 5%, the Company shall re-comply with annual reporting, annual review and announcement requirements in relation to such continuing connected transaction, but is exempted from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **2. Reasons for Exceeding the De Minimis Threshold**

In 2014 and prior to that, TBEA has mainly placed its focus on engineering business in foreign countries, and relatively less engineering business were conducted with the Company. Since 2015, with the intensification of power reforms, TBEA increasingly attached importance on the mainland's power transmission and transformation markets as well as engineering laboring market. In 2015, by passing the qualification assessment of the Company's suppliers, TBEA has become one of the Company's qualified suppliers of construction and related laboring.

In 2015, our 98% controlled subsidiary, Xinjiang New Energy's recognized revenue of power stations with construction scale exceeding 1,200MW, representing an increase of 46% over 822.3MW in 2014; it has not yet transferred and recognized revenue of BT projects either in progress or completed with construction scale of 687.5MW, and newly constructed BOO projects with 450MW, representing more than 2 times of 2014. The construction of transformer substations and booster stations are the hubs connecting photovoltaic and wind power stations with the main grid, also being a kind of power transmission and transformation engineering businesses. The company also determined the construction contractor by way of bidding.

With the expansion in construction scale of the Company's power stations, coupled with the growth of TBEA's mainland business and engineering business, transaction amounts of the TBEA Miscellaneous Construction Services that the Company obtained from TBEA and its connected persons has recorded an increase over the previous year, thereby exceeding the de minimis threshold.

## **3. Proposed New Caps and Basis of the Proposed New Caps**

In response to the substantial increase in the Company's actual business volume, the Company proposed to set up annual caps for the transactions contemplated under the TBEA Miscellaneous Construction Services Framework Agreement to cater for the relevant business development of the Company. According to the Strategic Plan of Energy Development (2014–2020) 《能源發展戰略行動計劃(2014–2020)》, the government will further encourage new energy investment and achieve larger scale of development, whilst facilitating the healthy and orderly growth of new energy industries such as photovoltaic power generation, and fostering the parallel development of new energies in various regions, improving the efficiency of the additional subsidies on tariff for renewable energy. With the gradual reduction of benchmark on-grid tariff for photovoltaic power generation in line with the scale of development, the excess part of tariff will be subsidized by the National Renewable Energy Development

Fund. By benefitting from the favorable policies of the State, the Company expects further enhancement of its business development, and further increase in the demand for miscellaneous construction services. Meanwhile, in the process of bidding, TBEA will have a higher chance in winning the bid by virtue of its advantages in terms of prices, service quality, service period, payment conditions and other aspects, which has resulted in an increase in amounts of connected transactions over the previous year. In determining the proposed caps, the Company took account of the historical amounts in respect of the transactions between the Company and TBEA, and resources by the Company in the future to improve the installed capacity of solar energy power generation.

According to the reasons stated above, our Board proposed that the annual caps for the TBEA Miscellaneous Construction Services Framework Agreement for the year ending 31 December 2016 and 31 December 2017 shall be as followings:

	<b>For the year ending 31 December 2016</b>		<b>For the year ending 31 December 2017</b>	
	<b>Original annual cap</b>	<b>Proposed annual cap (RMB)</b>	<b>Original annual cap</b>	<b>Proposed annual cap (RMB)</b>
Amount for TBEA				
Miscellaneous Construction				
Services fee payable by us to				
TBEA and/or its associates	N/A	200,000,000	N/A	250,000,000

#### **4. Reasons for the Transactions**

TBEA established a large number of complete sets of construction for power transmission and transformation overseas. The TBEA Miscellaneous Construction Services mainly include construction of transformer substations, booster stations in photovoltaic, wind power projects, to serve as hubs connecting photovoltaic and wind power stations with the main grid. TBEA possesses stronger advantages in terms of prices, construction quality, time of delivery and payment conditions, etc.. In 2015, the Company has chosen TBEA as construction enterprise by way of bidding, so as to provide services for photovoltaic and wind power stations of a few companies. Based on the completed projects, we are of the view that TBEA's construction quality, construction period, service capabilities can meet the Company's requirements of qualified suppliers, and TBEA has better understanding of our needs and demand for miscellaneous construction services than independent third parties. Our Directors are of the view that the TBEA Miscellaneous Construction Services Framework Agreement and the transactions contemplated thereunder are in the best interest of the Company and its Shareholders as a whole.

## 5. Pricing Standard

We adopted the following bidding procedures and principles to determine the prices of miscellaneous construction services:

- our bidding department will regularly contact our suppliers for miscellaneous construction services in order to get close to the market development and the price trend of the raw materials of the relevant products;
- the representatives of our bidding management department and bidding evaluation committee (the “**Bidding Evaluation Committee**”), consisting of the representatives from supervisory departments (including finance department, legal department and audit department), other senior management members (including deputy general manager, chief accountant and general manager) and representatives from departments in charge of miscellaneous construction services, will form a special department to consider factors, such as quality requirements for procurement of engineering, laboring, electricity and gas installation service etc., so as to recommend suppliers of miscellaneous construction services. We will also invite several different types of qualified suppliers in our recognized supplier’s list to submit fee quotations and proposals on the specifications;
- the prices from the suppliers of miscellaneous construction services will be determined by the Bidding Evaluation Committee. Our Bidding Evaluation Committee would attach more importance to the quality of the products which would satisfy our business needs. Provided that the quality standards can be satisfied, we will consider the bidding price in order to maintain effective cost control. If the bidding prices made by different suppliers are competitive, we will also consider other factors including the supplier’s overall strengths and the ability to perform contracts, quality of construction projects, project duration, previous experience in cooperation and the payment terms;
- if there are other independent suppliers of miscellaneous construction services, we will require fee quotations of the same products from these independent suppliers, so as to ensure if products with the same quality could be timely obtained at the most competitive price; and
- during the bidding process, the Company will treat our connected persons and independent suppliers of miscellaneous construction services equally. Thus, on the condition that the relevant technical and quality requirements are satisfied, if we can obtain more preferential terms from independent suppliers of miscellaneous construction services, for instance better payment terms, we will not procure the products from our connected persons.

## 6. Listing Rules Implications

Since at least one of the applicable percentage ratios of the proposed annual caps in respect of the TBEA Miscellaneous Construction Services Framework Agreement for the two years ending 31 December 2016 and 2017 calculated for the purpose of Chapter 14A of the Listing Rules is expected to be more than 0.1% but less than 5% on an annual basis, such transactions will constitute a continuing connected transaction subject to annual reporting, annual review and announcement requirements, but will be exempted from circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

### III. Revised Annual Caps for Continuing Connected Transactions

#### 1. Procurement of Products Framework Agreement with Xinjiang Tebian

##### 1.1. Background of the Transactions

As disclosed in the Prospectus, Mr. Zhang Xin, a Director of the Company, is our connected person by virtue of his position as our Director as defined under Chapter 14A of the Listing Rules. Xinjiang Tebian is a company of which 30% or more interest is held by Mr. Zhang Xin. Accordingly, as defined under Chapter 14A of the Listing Rules, since Xinjiang Tebian is an associate of Mr. Zhang Xin, it is also a connected person of the Company. The Company entered into a procurement of products framework agreement (the “**Xinjiang Tebian Procurement of Products Framework Agreement**”) with Xinjiang Tebian on 30 October 2015, pursuant to which we will procure from Xinjiang Tebian and/or its associates equipments and cabinets such as high-low switch cabinet, control cabinet, electricity control cabinet and power distribution cabinet. The Xinjiang Tebian Procurement of Products Framework Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent, and the relevant subsidiaries or associated companies of both parties will enter into separate agreement which will set out the specific terms and conditions (including the pricing and quality standards) according to the normal commercial terms provided in the Xinjiang Tebian Procurement of Products Framework Agreement. At the time of the listing of the H Shares of the Company on the Stock Exchange in December 2015, the Stock Exchange granted a waiver, among others, for Xinjiang Tebian Procurement of Products Framework Agreement, to the Company in respect of the transactions contemplated under Xinjiang Tebian Procurement of Products Framework Agreement (the “**Procurement of Products of Xinjiang Tebian**”) from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules provided that the total value of transactions for each of the three financial years ending 31 December 2015, 2016 and 2017 will not exceed the annual caps set forth below. The total amount of the Procurement of Products of Xinjiang Tebian of the approved annual caps is set out below:

	<b>Approved annual caps for</b>		
	<b>each year ended/ending 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Amount for Procurement of Products of Xinjiang Tebian payable by us to Xinjiang Tebian and/or its associates	20,000,000	20,000,000	20,000,000

The Company has been closely monitoring the progress of its continuing connected transactions with Xinjiang Tebian. As at the date of this announcement, the actual transaction amount for the Procurement of Products of Xinjiang Tebian in 2015 has not exceeded the relevant cap set out in the table above. The table below sets out the actual transaction amount and approved annual cap for the Procurement of Products of Xinjiang Tebian for the year ended 31 December 2015.

	<b>Actual transaction amount for the year ended 31 December 2015 (RMB)</b>	<b>Approved annual cap for the year ended 31 December 2015 (RMB)</b>
Amount for Procurement of Products of Xinjiang Tebian payable by us to Xinjiang Tebian and/or its associates	17,720,001	20,000,000

## **1.2. Proposed Revised Caps and Basis of the Proposed Revised Caps**

As the actual business demand of the Company has increased significantly, the Company proposed to revise the annual caps for the Procurement of Products of Xinjiang Tebian to satisfy the business development needs of the Company. According to the Strategic Plan of Energy Development (2014–2020) (《能源發展戰略行動計劃(2014–2020)》), the government will further encourage the investment in new energy for it to achieve greater scope of development and at the same time foster an orderly development of new energy industry including photovoltaic power generation, promote a balanced development of new energy in different places, enhance the efficiency of the additional subsidies of tariff for renewable energy that as benchmark on-grid tariff of photovoltaic power generation has been decreasing gradually, the excess amount will be subsidized by National Renewable Energy Development Fund. Therefore, benefiting from the favorable national policy, it is expected that the business development of the Company will be enhanced and the demand for high-low switch cabinet, control cabinet, electricity control cabinet and power distribution cabinet will further increase. Meanwhile, during the bidding process, as the products of Xinjiang Tebian are in an advantageous position in terms of the price, quality, lead time and payment terms, thus Xinjiang Tebian has won more biddings than the other competitors. As a result, the amount of continuing connected transactions increased compared with previous years.

In determining the revision of caps, the Company has considered the transaction amounts between the Company and Xinjiang Tebian in the past and that the Company will devote more resources to enhance the photovoltaic power installed capacity in the future. Along with the rapid growth of the business of the Company, based on the expected growth and expansion of the Company, the Board considers that the existing annual caps for the years 2016 and 2017 the Procurement of Products of Xinjiang Tebian could not satisfy the business need and demand of the Group for the two years ended 31 December 2016 and 31 December 2017.

In view of these, the Board proposed that the existing annual caps for the Procurement of Products of Xinjiang Tebian be revised for the years ending 2016 and 2017. The table below sets out the historical amounts, the existing annual caps and proposed revised annual caps for the transactions for the corresponding years:



Historical figures and the annual caps:

Unit: RMB	Historical amounts for the past three years ended 31 December			Original annual caps for the years ended/ending 31 December			Proposed revised annual caps for the years ending 31 December	
	2013	2014	2015	2015	2016	2017	2016	2017
Amount for Procurement of Products of Xinjiang Tebian payable by us to Xinjiang Tebian and/or its associates	30,060,000	3,900,000	17,720,001	20,000,000	20,000,000	20,000,000	50,000,000	50,000,000

### 1.3. Reasons for the Transactions

We have demands on products such as high-low switch cabinet, control cabinet, electricity control cabinet and power distribution cabinet for our business operation and will go through a competitive bidding process for procurement of these products. Xinjiang Tebian and its associates has participated in and won some bids previously by virtue of its high quality products and competitive price provided. Also, as Xinjiang Tebian is a backbone enterprise in the industry in manufacturing products, such as high-low switch cabinet, control cabinet and power distribution cabinet, as well as the largest manufacturing enterprise in Xinjiang, the products supplied by Xinjiang Tebian are highly competitive compared with other suppliers in the market.

### 1.4. Pricing Standard

We adopt the following bidding procedures and principles to determine the price for procurement of products:

- our procurement department and bidding department will regularly contact our suppliers in order to get close to the market development and the price trend of the raw materials of the relevant products;
- our bidding management department and bidding evaluation committee (the “**Bidding Evaluation Committee**”), comprised of representatives from the procurement department (including procurement and supply chain management departments), supervisory departments (including finance department, legal department and audit department) and bidding management department, other senior management members (including deputy general manager, chief accountant, and general manger) and representatives from departments which would use the procured products will form a special department to consider factors, such as the product features, quality requirements, etc. in order to recommend suppliers. We will also invite several different types of qualified suppliers in our recognized supplier’s list to submit fee quotations and proposal on the specifications before issuing certain procurement orders;

- the prices of the products of the suppliers will be determined by the Bidding Evaluation Committee. Our Bidding Evaluation Committee would attach more importance to the quality of the products which would satisfy our business needs. Provided that the quality standards can be satisfied, we will consider the bidding price in order to maintain effective cost control. If the bidding prices made by different suppliers are competitive, we will also consider other factors including the background of the supplier, the warranty terms and period, the product return rate, punctuality and the payment terms.
- if there are other independent suppliers, we will require fee quotation of the same products from these independent suppliers, so as to ensure if products with the same quality could be timely obtained at the most competitive price; and
- during the bidding process, the Company will treat our connected persons and independent suppliers equally. Thus, on the condition that the relevant technical and quality requirements are satisfied if we can obtain more preferential terms from independent suppliers, for instance better payment terms, we will not procure the products from our Connected Persons.

### **1.5. Listing Rules Implications**

Since the highest applicable percentage ratio of the proposed annual caps for the Xinjiang Tebian Procurement of Products Framework Agreement of Xinjiang Tebian for the two years ending 31 December 2016 and 2017 calculated for the purpose of Chapter 14A of the Listing Rules is expected to be more than 0.1% but less than 5% on an annual basis, such transactions will be subject to annual reporting, annual review and announcement requirements, but will be exempted from circular and independent Shareholder's approval requirements under Chapter 14A of the Listing Rules.

## **2. Procurement of Miscellaneous Services Framework Agreement with Xinjiang Tebian**

### **2.1 Background of the Transactions**

As disclosed in the Company's Prospectus, the Company entered into a procurement of miscellaneous services framework agreement ("**Xinjiang Tebian Miscellaneous Services Framework Agreement**") with Xinjiang Tebian on October 30 2015 pursuant to which we will procure miscellaneous services such as engineering laboring, electricity and gas installation services ("**Xinjiang Tebian Miscellaneous Service**") from Xinjiang Tebian and/or its associates. The Xinjiang Tebian Miscellaneous Services Framework Agreement is for a term of 3 years commencing on the Listing Date and is subject to renewal upon mutual consent, and the relevant subsidiaries or associated companies of both parties will enter into separate agreement which will set out the specific terms and conditions (including the pricing and quality standards) according to the normal commercial terms provided in the Xinjiang Tebian Miscellaneous Services Framework Agreement. In signing such framework agreement, the Directors of the Company expected that each of the relevant percentage ratios (except for the profits ratio) of the transaction amount

in respect of the Xinjiang Tebian Procurement of Miscellaneous Services Framework Agreement calculated for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis. By virtue of Rule 14A.76(1) of the Listing Rules, the transaction is exempted from annual reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company has closely monitored the situation concerning its procurement trading of miscellaneous services with Xinjiang Tebian. As of the date of this announcement, the actual transaction amount in respect of the transaction contemplated under the Xinjiang Tebian Miscellaneous Services Framework Agreement has not exceeded each of the relevant percentage ratios (except for the profits ratio) of 0.1% calculated for the purpose of Chapter 14A of the Listing Rules and therefore is exempted from announcement requirements.

## **2.2 Proposed New Caps and Basis of the Proposed New Caps**

In response to the substantial increase in the Company's actual business demand, the Company proposed to set up annual caps for the transactions contemplated under the Xinjiang Tebian Miscellaneous Services Framework Agreement to cater for the business development of the Company. According to the Strategic Plan of Energy Development (2014–2020) 《能源發展戰略行動計劃(2014–2020)》, the government will further encourage new energy investment and achieve larger scale of development, whilst facilitating the healthy and orderly growth of new energy industries such as photovoltaic power generation, and fostering the parallel development of new energies in various regions, improving the efficiency of the additional subsidies on tariff for renewable energy. With the gradual reduction of benchmark on-grid tariff for photovoltaic power generation in line with the scale of development, the excess part of tariff will be subsidized by the National Renewable Energy Development Fund. By benefiting from favorable policies from the State, the Company expects further enhancement of its business development, and further increase in the demand for infrastructure, decoration and installation. Meanwhile, in the process of bidding, Xinjiang Tebian will have a higher chances in winning the bid, by virtue of its advantages in terms of prices, quality, time of delivery, payment conditions and other aspects concerning miscellaneous services, resulting in an increase in amounts of connected transactions over the previous year. In determining the revised cap, the Company took account of the historical amounts in respect of the transactions between the Company and Xinjiang Tebian, and allocating more resources by the Company in the future to improve the installed capacity of solar energy power and wind power generation.

Pursuant to the abovementioned, our Board proposed that the annual caps of Xinjiang Tebian Miscellaneous Services Framework Agreement for the year ending 31 December 2016 and the year ending 31 December 2017 shall be as followings:

	For the year ending 31 December 2016		For the year ending 31 December 2017	
	Original annual cap	Proposed annual cap (RMB)	Original annual cap	Proposed annual cap (RMB)
Amount of Xinjiang Tebian Miscellaneous Services fee payable by us to Xinjiang Tebian and/or its associates	N/A	250,000,000	N/A	250,000,000

### 2.3 Reasons for the Transactions

Xinjiang Tebian possesses sound experience in infrastructure, decoration and installation and is committed to the provision of quality support services in infrastructure, decoration and installation and so on. Our business operation requires various miscellaneous services such as procurement of infrastructure, decoration and installation services, and goes through a competitive bidding process for procurement of miscellaneous services. Xinjiang Tebian and its associates participated in and won some biddings, by virtue of the high quality services and competitive price it offered during the Track Record Period.

### 2.4 Pricing Standard

We adopted the following bidding procedures and principles to determine the prices of miscellaneous services:

- our bidding department will regularly contact our suppliers for miscellaneous services in order to get close to the market development and the price trend of the raw materials of the relevant products;
- our bidding management department and bidding evaluation committee (the “**Bidding Evaluation Committee**”), comprised of representatives from supervisory departments (including finance department, legal department and audit department), bidding management department, other senior management members (including deputy general manager, chief accountant and general manager) and representatives from departments in charge of miscellaneous services, will form a special department to consider factors, such as quality requirements for procurement of construction services, etc., in order to recommend suppliers of miscellaneous services. We will also invite several different types of qualified suppliers in our recognized supplier’s list to submit fee quotations and proposals on the specifications;

- the prices for the Xinjiang Tebian Miscellaneous Services Framework Agreement will be determined by the Bidding Evaluation Committee. Our Bidding Evaluation Committee would attach more importance to the quality of the products which would satisfy our business needs. Provided that the quality standards can be satisfied, we will consider the bidding price in order to maintain effective cost control. If the bidding prices made by different suppliers are competitive, we will also consider other factors including the supplier's overall strengths and the ability to perform contracts, quality of construction projects, project duration, previous experience in cooperation and the payment terms;
- if there are other independent suppliers of miscellaneous services, we will require fee quotations of the same products from other independent suppliers of miscellaneous services, so as to ensure if products with the same quality could be timely obtained at the most competitive price; and
- during the bidding process, the Company will treat our connected persons and independent suppliers equally. Thus, on the condition that the relevant technical and quality requirements are satisfied, if we can obtain more preferential terms from independent suppliers of miscellaneous services, for instance better payment terms, we will not procure the products from our connected persons.

## **2.5 Listing Rules Implications**

Since the highest applicable percentage ratio of the proposed annual caps in respect of the Xinjiang Tebian Miscellaneous Services Framework Agreement for the two years ending 31 December 2016 and 2017 calculated for the purpose of Chapter 14A of the Listing Rules is expected to be more than 0.1% but less than 5% on an annual basis, such transactions will be subject to annual reporting, annual review and announcement requirements but will be exempted from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **IV. Measures Adopted by the Company for Future Compliance**

To ensure the Company's conformity with the above pricing policy from time to time, the Company has adopted a series of internal control policies for its daily operation. Such internal control policies would be conducted and supervised by Directors, Supervisors, the relevant business departments, Secretary of the Board and the Audit Committee of the Company:

- the Company has adopted, implemented and improved its system on connected transactions. According to the system, business departments of the Company are required to create and update accounts for the continuing connected transactions and report on a weekly basis to the Secretary of the Board in respect of the execution and performance status of such connected transactions. The Secretary of the Board will then inform the Board of any important information thereof;

- the Audit Committee of the Company are also responsible for the information gathering on and monitoring of connected transactions, and conducting evaluation on the fairness of the transaction terms and the pricing terms; it would discuss with our subsidiaries and business departments to determine the annual caps and performance of the Company's connected transactions. It will also report to the Board and the Supervisors on the Group's continuing connected transactions on a monthly basis. If based on the monitoring report it is anticipated that there is a need to revise the annual caps, the Company will comply with the relevant requirements under Listing Rules to issue an announcement, report to the Independent Board Committee and/or seek for independent Shareholders' approval after the Board's review and approval (as the case may be);
- meanwhile, the Company will strengthen the training in respect of review, decision-making process of connected transactions and required disclosure of information under the Listing Rules, so as to further promote the awareness of relevant business departments on the corresponding compliance matters; and
- the independent non-executive Directors of the Company have also reviewed and would 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 would also conduct an annual review on the pricing and annual caps of such non-exempt continuing connected transactions.

## V. Confirmation of the Board

### 1. TBEA Agreements

The Board of the Company has convened a physical meeting (“**Meeting**”), among other things, to ratify the actual transactions of 2015 exceeding the 2015 annual caps and/or the de minimus threshold (as applicable) under the TBEA Products Procurement Framework Agreement, the Coal Procurement Framework Agreement and the TBEA Miscellaneous Construction Services Framework Agreement (together “**TBEA Agreements**”), respectively, and approve the proposed revised caps thereof.

The Directors (including the independent non-executive Directors, but other than Mr. ZHANG Xin and Ms. GUO Junxiang who are materially interested in the TBEA Agreements), are of the view that the TBEA Agreements (including the proposed revised caps) are fair and reasonable and that the transactions contemplated under the TBEA Agreements are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the TBEA Agreements are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As each of Mr. ZHANG Xin and Ms. GUO Junxiang holds management position in TBEA and therefore has a material interest in the TBEA Agreements and the transactions thereunder, they have abstained from voting on the board resolutions ratifying the 2015 transactions under the TBEA Agreements and approving the proposed revised caps thereof.

The view of the Independent Board Committee in respect of the TBEA Products Procurement Framework Agreement, after their consideration of the advice of the Independent Financial Adviser, will be set out in the circular to be dispatched.

## **2. Xinjiang Tebian Agreements**

The Board of the Company has also approved the proposed revised caps for the Xinjiang Tebian Procurement of Products Framework Agreement and Xinjiang Tebian Miscellaneous Services Framework Agreement (together “**Xinjiang Tebian Agreements**”) at the Meeting. The Directors (including the independent non-executive Directors, but other than Mr. ZHANG Xin who is materially interested in the Xinjiang Tebian Agreements), are of the view that the Xinjiang Tebian Agreements (including the proposed revised caps) are fair and reasonable and that the transactions contemplated under the Xinjiang Tebian Agreements are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Xinjiang Tebian Agreements are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

As Mr. ZHANG Xin holds more than 30% of the equity interest of Xinjiang Tebian and therefore has a material interest in the Xinjiang Tebian Agreements and the transactions thereunder, he has abstained from voting on the board resolutions approving the proposed revised caps thereof.

## **VI. General Information**

### **1. Information relating to the Company**

The principal businesses of the Company include polysilicon production and providing engineering and construction contracting service in connection with photovoltaic and wind power projects. The Company also manufacture ancillary equipment, principally inverters, PV wafers and PV modules, which are applied in our engineering and construction contracting business or sold to the third parties.

### **2. Information relating to TBEA**

TBEA is a joint stock company incorporated in the PRC on 26 February 1993. As of the date of this announcement, its registered capital amounted to RMB3,249,053,686. TBEA and its close associates (excluding our Group) (the “**TBEA Group**”) are principally engaged in: (i) the manufacturing and sale of power transformers, reactors, wires, cables and other electrical and mechanical equipment and (ii) domestic and overseas engineering and construction contracting for power transmission projects, water power and thermal power station projects.

### **3. Information relating to Xinjiang Tebian**

Xinjiang Tebian is a company with limited liability incorporated in the PRC on 27 January 2003, with a registered capital of RMB75,000,000 as of the date of this announcement. Xinjiang Tebian is principally engaged in the production and sales of electromechanical products and transformer accessories, and industrial investment.

### **4. Listing Rules Implications**

As of the date of this announcement, TBEA is interested in approximately 60.18% of the total issued share capital of the Company, and thus is a Controlling Shareholder of the Company. Accordingly, TBEA is a connected person of the Company as defined under Chapter 14A of the Listing Rules. Mr. Zhang Xin is a connected person of our Company by virtue of his position as our Director as defined under Chapter 14A of the Listing Rules. Xinjiang Tebian, being the company in which Mr. Zhang Xin holds 30% or more interest, is a connected person of the Company by virtue of it being an associate of Mr. Zhang Xin as defined under Chapter 14A of the Listing Rules.

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

Xinjiang, PRC, 24 March 2016

*As at the date of this announcement, the Board of the Company consists of Mr. Zhang Jianxin, Mr. Ma Xuping and Mr. Yin Bo as executive Directors; Mr. Wang Jian, Mr. Zhang Xin and Ms. Guo Junxiang as non-executive Directors; Mr. Qin Haiyan, Mr. Yang Deren and Mr. Wong, Yui Keung Marcellus as independent non-executive Directors.*