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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 CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION FINANCIAL SERVICES FRAMEWORK AGREEMENT

FINANCIAL SERVICES FRAMEWORK AGREEMENT

The Board announced that on 30 April 2019, the Company entered into the Financial Services Framework Agreement with TBEA Finance in relation to the provision of various financial services by TBEA Finance to the Group, including but not limited to Deposit Services, Loan Services and Other Financial Services, for a period from the Effective Date up to 31 December 2020.

LISTING RULES IMPLICATIONS

TBEA, being the controlling shareholder of the Company, 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 contemplated under the Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (as defined in the Listing Rules) in respect of the Deposit Services under the Financial Services Framework Agreement exceed 5% but are all less than 25%, the Deposit Services under the 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, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The provision of Loan Services to the Group by TBEA Finance under the Financial Services Framework Agreement will constitute financial assistance received by the Group from a connected person. Since the Loan Services are on normal commercial terms or are no less favourable than those offered by independent third parties to the Group, and will not be secured by the assets of the Group, the transactions in respect of the Loan Services are exempt pursuant to Rule 14A.90 of the Listing Rules from all reporting, announcement, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios in respect of the fees payable (on an annualized basis) by the Group to TBEA Finance for Other Financial Services contemplated under the Financial Services Framework Agreement exceed 0.1% but are all less than 5%, the Other Financial Services under the Financial Services Framework Agreement constitutes a non-exempt continuing connected transaction of the Company, and is subject to the announcement and annual review requirements, but exempt from the circular and 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 Deposit Services (including the Proposed Annual Caps) contemplated under the Financial Services Framework Agreement. TC Capital 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 Deposit Services contemplated under the Financial Services Framework Agreement; (ii) the letter of advice from the Independent Financial Adviser; (iii) the recommendation from the Independent Board Committee; and (iv) the AGM notice is expected to be despatched to Shareholders on 23 May 2019 in accordance with the Listing Rules.

BACKGROUND

On 30 April 2019, the Company entered into the Financial Services Framework Agreement with TBEA Finance in relation to the provision of various financial services by TBEA Finance to the Group, including but not limited to Deposit Services, Loan Services and Other Financial Services, for a period from the Effective Date up to 31 December 2020.

FINANCIAL SERVICES FRAMEWORK AGREEMENT

The principal terms of the Financial Services Framework Agreement are summarized as follows:

Parties: TBEA Finance, as the provider of the services; and
The Company including its subsidiaries, as the receiver of the services

Date: 30 April 2019

Transaction type: Provision of financial services such as Deposit Services, Loan Services and Other Financial Services approved by CBIRC

(1) Deposit Services

The Group shall open deposit accounts with TBEA Finance, and deposit funds into the deposit accounts on the principle of being free to deposit and withdraw. The deposit forms include current deposit, time deposit, call deposit, agreement deposit, etc;

TBEA Finance shall ensure the security of the funds deposited by the Group, and accept the fund demand of the Group in time and in full amount when the Group raises the relevant demand; and

The daily maximum deposit balance (including accrued interest) of the Group with TBEA Finance shall not exceed RMB1,000 million and RMB1,200 million for the year 2019 and 2020 respectively.

(2) Loan Services

Subject to the relevant national laws and regulations, TBEA Finance shall provide Loan Services for the Group based on the operation and development needs of the Group.

(3) Other Financial Services

TBEA Finance will provide the Group with Other Financial Services within its business scope according to the instructions and requirements of the Group, including but not limited to bill acceptance, discount service, settlement service, financial and financing advisory service, credit authentication related consultation service and agency service which are approved by the CBIRC.

The fees for Other Financial Services payable to TBEA Finance by the Group for 2019 and 2020 shall not exceed RMB50 million and RMB60 million respectively.

Term: From the Effective Date up to 31 December 2020

Pricing policies: Deposit Services

The deposits placed by the Group with TBEA Finance shall not bear an interest rate that is lower than (i) the benchmark interest rate of the People's Bank of China; (ii) the deposit interest rates offered by other major commercial banks in the PRC; and (iii) the deposit interest rates offered by TBEA Finance to any other member companies of TBEA (excluding the Group) with same credit ratings for comparable deposits for the same term, if applicable.

Loan Services

The loans granted to the Group by TBEA Finance shall not bear an interest rate that is higher than (i) the benchmark interest rate of the People's Bank of China; (ii) the lending rates offered by other major commercial banks in the PRC; and (iii) the lending rates offered by TBEA Finance to any other member companies of TBEA (excluding the Group) with same credit ratings for comparable loans for the same term, if applicable.

Other Financial Services

The service fees for Other Financial Services shall not be higher than (i) the relevant standard charges set by the People's Bank of China (if applicable); (ii) the fees charged by other major commercial banks in the PRC; and (iii) the fees charged by TBEA Finance from any other member companies of TBEA (excluding the Group) with same credit ratings for comparable services for the same term, if applicable.

Proposed Annual Caps:

Unit: RMB

	Proposed Annual Caps as at 31 December	
	2019	2020
Deposit Services (Daily maximum deposit balance (including accrued interest))	1,000,000,000	1,200,000,000
Other Financial Services	50,000,000	60,000,000

Basis for
determining the caps:

1. Deposit Services Cap

The cap for the Deposit Services is arrived at after taking into account the followings:

- (i) the level and changes of the monetary funds (i.e. cash and cash equivalents and restricted cash) of the Group in the past. The Group's monetary funds amounted to approximately RMB4,150 million, RMB2,850 million, RMB3,820 million and RMB6,170 million as at 31 December 2015, 31 December 2016, 31 December 2017 and 31 December 2018, respectively;
- (ii) in relation to the Group's principal business, the expected level of cash and deposit of the Group for the next two years, after considering the Group's business development in the previous years, and the expected growth of operating cash flows which is driven by the continuing development of business in the future, and the anticipated increase in cash balances arising from the possible financing plans and financing scale of the Group for the coming two years, which will result in a corresponding increase in the demand for Deposit Services;
- (iii) the anticipated increase in deposit interest income from deposit balance placed with TBEA Finance for the coming two years; and
- (iv) as TBEA Finance continuously improves its financial services capability, it will have greater competitive advantages over third party financial services providers by being capable to better fulfill the needs for the Group's future development. Accordingly, the Group's demand for Deposit Services to be provided by TBEA Finance will increase correspondingly.

Considering that the deposit interest rate offered by TBEA Finance shall be not lower than that offered by other major commercial banks in the PRC, the Group intends to deposit part of the monetary funds of the Group with TBEA Finance after taking into account its cash in bank and cash on hand. On the other hand, with a view to enhance risk management and liquidity management, the Group will not deposit all of its cash with TBEA Finance. Given the strong support and the resources to be allocated by TBEA to TBEA Finance, TBEA Finance will continuously improve its provision of financial services capability; meanwhile, it will have greater competitive advantages over third party financial services providers by being capable to better fulfill the needs for the Group's future development as it has a better understanding of the Group's needs. Taking the above factors into account, the daily maximum deposit balance (including accrued interest) of the Group with TBEA Finance should not exceed RMB1,000 million and RMB1,200 million respectively for the years ending 31 December 2019 and 31 December 2020.

2. Loan Services Cap

As the Loan Services would be on normal commercial terms (or better to the Group) and will not be secured by the assets of the Group, it is exempt pursuant to Rule 14A.90 of the Listing Rules from all reporting, announcement, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Other Financial Services Cap

The service fees for the Other Financial Services will be determined based on arm's length negotiation with reference to those charged by other financial institutions in the PRC for providing similar services. The Board estimated that the annual service fees payable by the Group to TBEA Finance for each year during the term of the Financial Services Framework Agreement shall not exceed RMB50 million and RMB60 million respectively. Such proposed annual cap was determined after arm's length negotiation with reference to the future business needs of the Group in relation to the Other Financial Services.

Other Financial Services includes but not limited to financial and financing advisory service, credit authentication and related consultation and agency service. During the ordinary course of business, the Group may need those Other Financial Services from time to time, and the corresponding cap was determined after considering the revenue, business operation and business scale of the Group.

Historical transaction amount:

TBEA Finance was established on 29 November 2018. The Group did not enter into any transactions relating to financial services with TBEA Finance in the past. Therefore, no historical transaction amount is available.

REASONS AND BENEFITS FOR THE TRANSACTIONS

TBEA Finance is regulated by the People's Bank of China and the CBIRC, 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. The execution of the Financial Services Framework Agreement with TBEA Finance is favourable for the Group to enhance fund management and control, reduce and circumvent operation risks. With the continuous business expansion, the Group's size of borrowings has gradually increased, and it is particularly important to diversify financing channels, to reduce finance costs, and improve capital utilization rate. The interest rate or pricing standards offered by TBEA Finance to the Group for the Deposit Services, Loan Services and Other Financial Services

will be the same or more favourable than those offered by other major commercial banks in the PRC to the Group. The Group may obtain the financial services from TBEA Finance on more favorable terms, satisfying the operation requirements to reduce finance costs and diversify financing channels, which helps improve the overall standard of fund operation of the Group, enhance its bargaining power for external financing and enable the Group to secure higher deposit interest rates than those in the market thereby increasing interest income on deposits. Therefore, entering into the Financial Services Framework Agreement is in the interest of the Company and the Shareholders as a whole.

TBEA Finance, as a subsidiary of TBEA, has a more thorough understanding of the Group's operations as compared to the Major Cooperative Commercial Banks and other financial institutions. Due to the long-term relationship between the Group and TBEA, the Group expects that it will benefit from TBEA Finance's familiarity with the industry and operation of the Group. Through the cooperation between each other for many years, TBEA 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 it to communicate with the Group more efficiently to cater for its needs in a better way, as well as serving the Group in a more convenient and efficient manner than the other major 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 when compared with the Major Cooperative Commercial Banks.

The Financial Services Framework Agreement is non-exclusive with no restrictions on the Group's options to appoint any other commercial banks or financial institutions to meet its needs for financial services, and TBEA Finance is only one of the several financial institutions which offer financial services to the Group. The Group will consider entering into transactions with TBEA Finance at its discretion when the rates or fees or the other relevant transaction conditions offered by TBEA Finance are equivalent to or more favorable than those offered by the Major Cooperative Commercial Banks. Under circumstances which the Group considers appropriate, the Group may engage additional or other financial institutions other than TBEA Finance to provide financial services.

The Group can freely select financial services providers to meet their needs for financial services, and compare the rates and transaction conditions offered by TBEA Finance with those offered by Major Cooperative Commercial Banks in accordance with its actual business needs. Therefore, the transactions under the Financial Services Framework Agreement are based on the actual business needs and are entered into in the ordinary course of business of the Group, on normal commercial terms or better; and the terms and conditions of the Financial Services Framework Agreement are fair and reasonable, and do not restrict the Group to choose other financial services providers to meet its need for financial services. The Group will have one more choice of financial services provider which can encourage other financial services providers to provide more competitive terms for financial services. For the reasons stated above, the transactions under the Financial Services Framework Agreement are in the interests of the Company and Shareholders as a whole.

INTERNAL CONTROL AND CAPITAL RISK MANAGEMENT MEASURES OF TBEA FINANCE

1. TBEA Finance undertakes to the Company that:
 - (i) it shall be obliged to ensure the safe and normal use of the funds placed with it by the Group when providing Deposit Services and Other Financial Services to the Group. Where TBEA Finance fails to pay to the Group its deposits for any reason, the Group has the right to deduct the same amount from the loans that TBEA Finance has provided to the Group, and to terminate the Financial Services Framework Agreement unilaterally; in case of loss of funds due to the fault of TBEA Finance, TBEA Finance shall fully compensate the Group for the loss, and the Company has the right to terminate the Financial Services Framework Agreement unilaterally;
 - (ii) when any event arises that may prejudice the safety of the Group's deposits or other matters that may pose a potential safety hazard to the funds deposited by the Group, it shall inform the Company immediately; and
 - (iii) it shall ensure the secure and stable operation of its fund management information system, all of which has passed the security test in respect of the interface of online banking of commercial banks and has reached the security standards for commercial banks in the PRC. The system has adopted the CA digital security certification system, electronic signature system, bank-finance direct link system and a core business system for financial institutions provided by a mainstream software vendor in order to ensure the safety and security of the Group's funds.
2. As a non-banking financial institution established with the approval of the CBIRC, TBEA Finance is subject to the routine supervision by the CBIRC. It abides by all applicable regulatory requirements, including requisite capital adequacy ratio and capital risk guidelines. Meanwhile, TBEA Finance is also subject to the direct supervision of the People's Bank of China to pay deposit reserve in full in a timely manner.

3. TBEA Finance will provide sufficient information to the finance department of the Company (including copies of all regulatory reports required to be submitted to the CBIRC). The finance department of the Company will closely monitor the transactions under the Financial Services Framework Agreement to ensure that the relevant amounts will not exceed the Proposed Annual Caps.
4. TBEA Finance will ensure that it operates in strict compliance with the risk monitoring indicators for financial institutions issued by the CBIRC and that its major regulatory indicators such as capital adequacy ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the CBIRC.
5. TBEA Finance will forthwith notify the Company if, among other things,
 - (i) it is in contravention or fails to comply with relevant rules or requirements of CBIRC;
 - (ii) any material event occurs such as a bank run, failure to pay any debt;
 - (iii) there is a significant sum of overdue loan or payment for guarantee made, serious malfunction of the computer system, robbery, fraud or any serious breach or criminal case involving the directors or senior management of TBEA Finance;
 - (iv) there is any material change in its shareholding or equity structure, or its operation which may affect the normal operation of TBEA Finance;
 - (v) there is any loan due from the shareholder of TBEA Finance to TBEA Finance which is overdue for over one year and unpaid;
 - (vi) it has been imposed with administrative penalty or ordered for restructuring by supervisory body such as CBIRC; or
 - (vii) it has a serious financial crisis or any event occurs which may affect the funds placed by the Group with TBEA Finance.

INTERNAL CONTROL

The Company has adopted the following measures to monitor the pricing and terms of the transactions contemplated under the Financial Services Framework Agreement:

1. Internal control procedures for pricing and terms of Deposit Services

- (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 (1) by reference to and is not lower than the benchmark deposit interest rate then published by the People's Bank of China for comparable deposits for the same term and in case of any change in the benchmark deposit interest rate, the interest rate payable by TBEA Finance shall be determined by reference to and not lower than such benchmark deposit interest rate; and (2) by reference to the interest rates offered by two to three other independent commercial banks in the PRC for comparable Deposit Services on normal commercial terms. In that way, the Company will be able to ensure the deposit interest rate of the Deposit Services will not be less favourable than that published by People's Bank of China and that offered by two to three other independent 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 to ensure that TBEA Finance will comply with the interest rates regulation of the People's Bank of China and will also compare 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.
- (iii) TBEA Finance will provide the finance department of the Company with the relevant information, and the finance department will independently review such information. If there is any change on the regulation of interest rates promulgated by the People's Bank of China, the finance department of the Company will communicate and discuss with TBEA Finance to ensure that TBEA Finance will correspondingly adjust the deposit interest rates in accordance with the relevant new regulation on applicable interest rates as promulgated by the People's Bank of China and in compliance with the pricing policies of the Financial Services Framework Agreement.

Any balance of the Group's funds (after deducting the Group's deposits with TBEA Finance) will be deposited into one or more commercial banks in the PRC as interbank deposits.

2. Loan Services

The internal control procedures adopted by the Company in relation to the Loan Services include, among others, during a certain period of time before the financing, the Company will identify independent commercial banks, inquire about the financing costs, undergo a comprehensive comparison according to the conditions, interest rates and financing procedures

given by each independent commercial bank in the PRC to similar credit rating companies in the negotiation process to determine the optimal choice to ensure that the financing obtained is the most cost-effective.

3. Other Financial Services

The finance department of the Company will check the relevant interest rates and fees for Other Financial Services every month to ensure that the interest rates and the terms are strictly in compliance with the pricing policies under the Financial Services Framework Agreement.

4. Internal control procedures for complying with the Proposed Annual Caps

- (i) The finance department of the Company is also responsible for closely monitoring the transaction status under the Financial Services Framework Agreement, including the deposit balance placed by the Group with TBEA Finance, so as to ensure that the scale of the transactions do not exceed the Proposed Annual Caps, and immediately review relevant information in the regulatory reports, monthly financial statements and monthly deposit statements provided by TBEA Finance. Follow-up measures will be taken immediately when issues are identified and they will be reported to the Company's management in due course.
- (ii) The legal department, audit department and finance department of the Company analyses and oversees the execution of connected transactions timely to ensure that they are implemented in accordance with the terms of the relevant connected transactions agreements. The finance department of the Company regularly conducts reconciliation with TBEA Finance and consolidate the status of the implementation of connected transactions with the secretary of the Board.
- (iii) The Company will regularly report the status of the implementation of continuing connected transactions under the Financial Services Framework Agreement to the Audit Committee.
- (iv) The auditors of the Company review each of the continuing connected transactions of the Company and confirm to the Board that (a) the transactions have received the approval by the Board on an annual basis; (b) the transactions have been entered into in accordance with the pricing policies as set out in the relevant agreements governing such transactions; and (c) the transactions have been performed in accordance with the terms of the relevant agreements governing such transactions. Meanwhile, the auditors of the Company would confirm that the annual caps applicable to the respective continuing connected transactions entered into between the Company and its connected persons have not been exceeded.
- (v) The independent non-executive Directors will conduct annual review on the continuing connected transactions and confirm that the transactions and the agreements governing those transactions were entered into, by the Group in the ordinary and usual course of business; the transactions are on normal commercial terms or better; and have been entered into in accordance with the relevant terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole.

(vi) The Board oversees the Company's risk management and internal control systems, including internal control systems of connected transactions on an ongoing basis and the Board will, through the Audit Committee, conduct an annual review of the risk management and internal control systems for each financial year of the Company. After receiving the reports from the internal audit department and the confirmation from the management of the Company to the Board on the effectiveness of these systems, the Board would confirm that the Company's risk management and internal control systems are solid, well established, effective and sufficient.

OPINIONS OF THE DIRECTORS

Given the above reasons and benefits, the Directors (excluding the independent non-executive Directors, who will express their opinion after taking into account the recommendations of the Independent Financial Adviser) believe that, the terms of the Deposit Services contemplated under the Financial Services Framework Agreement (including the Proposed Annual Caps) are fair and reasonable, on normal commercial terms, and in the interests of the Company and Shareholders as a whole, which are not less favourable than those provided by independent third parties under the prevailing market conditions.

The Directors (including the independent non-executive Directors) also believe that, the terms of the Loan Services and Other Financial Services contemplated under the Financial Services Framework Agreement are fair and reasonable, on normal commercial terms, and in the interests of the Company and Shareholders as a whole, which are not less favourable than those provided by independent third parties under the prevailing market conditions.

Since each of Mr. Zhang Xin and Ms. Guo Junxiang is a director of TBEA and TBEA Finance, each of them has abstained from voting on the Board resolutions approving the Financial Services Framework Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps). Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Financial Services Framework Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, TBEA holds approximately 65.43% in aggregate of the total issued share capital of the Company, including 783,921,287 domestic shares of the Company and 1,223,200 H Shares held through TBEA (Hong Kong) Co., Ltd., and is the controlling shareholder of the Company.

As at the date of this announcement, 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 contemplated under the Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

1. Deposit Services

As one or more applicable percentage ratios (as defined in the Listing Rules) in respect of the Deposit Services under the Financial Services Framework Agreement exceed 5% but are all less than 25%, the Deposit Services under the 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, announcement, shareholders' approval and annual review requirements under Chapters 14A of the Listing Rules.

2. Loan Services

The provision of Loan Services to the Group by TBEA Finance under the Financial Services Framework Agreement will constitute financial assistance received by the Group from a connected person. Since the Loan Services are on normal commercial terms or are no less favourable than those offered by independent third parties to the Group, and will not be secured by the assets of the Group, the transactions in respect of the Loan Services are exempt pursuant to Rule 14A.90 of the Listing Rules from all reporting, announcement, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Other Financial Services

As one or more applicable percentage ratios in respect of the fees payable (on an annualized basis) by the Group to TBEA Finance for Other Financial Services contemplated under the Financial Services Framework Agreement exceed 0.1% but are all less than 5%, the Other Financial Services under the Financial Services Framework Agreement constitutes a non-exempt continuing connected transaction of the Company, and is subject to the announcement and annual review requirements, but exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the Financial Services Framework Agreement will be disclosed by the Company in the following annual report and accounts in accordance with the requirements as set out in 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 Deposit Services (including the Proposed Annual Caps) contemplated under the Financial Services Framework Agreement. TC Capital has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

INFORMATION ON THE PARTIES

1. The Company

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.

2. TBEA Finance

TBEA Finance is a company incorporated in the PRC with limited liability on 29 November 2018, with registered capital of RMB1,000 million as at the date of this announcement. TBEA contributed RMB800 million directly, and RMB100 million each through two of its wholly-owned subsidiaries, Shenyang TBEA Transformer Group Co., Ltd. (特變電工瀋陽變壓器集團有限公司) and Hengyang TBEA Transformer Co., Ltd. (特變電工衡陽變壓器有限公司). Accordingly, TBEA holds, directly and indirectly, the entire equity interests in TBEA Finance. TBEA Finance is a non-bank financial institution approved by the CBIRC with various qualifications for the provision of financial services to members of corporate groups.

THE ANNUAL GENERAL MEETING

The Company will consider and, if thought fit (among others), pass the resolution to approve the Financial Services Framework Agreement and the Proposed Annual Caps at the AGM to be held on 28 June 2019. Such resolution will be decided by way of a poll at the AGM. The Financial Services Framework Agreement and the Proposed Annual Caps will be put forward at the AGM for the Independent Shareholders' approval by way of an ordinary resolution.

TBEA and its associates shall abstain from voting on the resolution to be proposed at the AGM relating to the approval of the Financial Services Framework Agreement and the Proposed Annual Caps.

DESPATCH OF CIRCULAR

A circular containing among other things: (i) further information on the Deposit Services contemplated under the Financial Services Framework Agreement; (ii) the letter of advice from the Independent Financial Adviser; (iii) the recommendation from the Independent Board Committee; and (iv) the AGM notice is expected to be despatched to Shareholders on 23 May 2019 in accordance with the Listing Rules.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at the Conference Room, 21st Floor, TBEA Co., Ltd. at No.189, South Beijing Road, Changji, Xinjiang, the PRC on Friday, 28 June 2019 at 11:00 a.m.
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company

“CBIRC”	China Banking and Insurance Regulatory Commission
“Company”	Xinte Energy Co., Ltd. (新特能源股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange
“connected person(s)”, “connected transaction(s)” and “continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Deposit Services”	the deposit services to be provided by TBEA Finance to the Group under the Financial Services Framework Agreement
“Director(s)”	director(s) of the Company
“Effective Date”	the date on which the Deposit Services contemplated under the Financial Services Framework Agreement (including the Proposed Annual Caps) is approved by the Independent Shareholders
“Financial Services Framework Agreement”	the Financial Services Framework Agreement entered into between the Company and TBEA Finance on 30 April 2019
“Group”	the Company together with its subsidiaries
“H Shares”	foreign shares listed overseas with a par value of RMB1.00 per share in the share capital of the Company, which are subscribed and traded in Hong Kong dollars, and listed on the Stock Exchange
“Independent Board Committee”	the independent board committee comprising of all independent non-executive Directors established to advise the Independent Shareholders in respect of the Deposit Services (including the Proposed Annual Cap) contemplated under the Financial Services Framework Agreement
“Independent Shareholders”	Shareholders other than TBEA and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Services”	the loan services to be provided by TBEA Finance to the Group under the Financial Services Framework Agreement
“Major Cooperative Commercial Banks”	major state-owned commercial banks and national joint stock commercial banks of the PRC that operate and cooperate with the Group

“Other Financial Services”	financial services other than the Deposit Services and Loan Services to be provided by TBEA Finance to the Group under the Financial Services Framework Agreement, including but not limited to bill acceptance, discount service, settlement service, financial and financing advisory service, credit authentication related consultation and agency service which are approved by the CBIRC
“PRC”	the People’s Republic of China, excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Proposed Annual Caps”	the proposed daily maximum deposit balance (including accrued interest) as determined between the Group and TBEA Finance for the Deposit Services
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	shares of RMB1.00 each in the share capital of the Company, including domestic shares and H Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“TBEA”	TBEA Co., Ltd, a company incorporated in the PRC with limited liability on 26 February 1993, being the controlling shareholder of the Company
“TBEA Finance”	TBEA Group Finance Co., Ltd, a company incorporated in the PRC with limited liability on 29 November 2018 as well as a non-bank financial institution approved by CBIRC and a wholly-owned subsidiary of TBEA as at the date of this announcement

“TC Capital” or
“Independent Financial
Adviser”

TC Capital International Limited, a licensed corporation to carry out type 1 (dealing in securities) and 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 Deposit Services (including the Proposed Annual Caps) contemplated under the Financial Services Framework Agreement

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

Xinjiang, the PRC
30 April 2019

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 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.