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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

ENTERING INTO NEW CONTINUING CONNECTED TRANSACTION RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company's announcement dated 24 March 2016, the annual general meeting circular dated 29 April 2016 and the annual general meeting poll results announcement dated 16 June 2016, in relation to, among other things, the Company's Continuing Connected Transactions with TBEA and the Company's Continuing Connected Transactions with Xinjiang Tebian. Unless otherwise defined in this announcement, the terms used in this announcement shall have the same meaning as those defined in the announcement dated 24 March 2016, the annual general meeting circular and the annual general meeting poll results announcement.

In view of the impending expiration of the continuing connected transaction framework agreements between the Company and TBEA on 31 December 2017, and in consideration of the developmental needs of the Company and TBEA as well as other factors, the Company proposes to renew the following continuing connected transaction framework agreements and proposes to determine the annual caps for the three years ending 31 December 2018, 2019 and 2020. Details are as follows:

- (1) Renew the Existing Product Procurement Framework Agreement (Type 1) entered into between the Company and TBEA;
- (2) Renew the Existing Coal Procurement Framework Agreement (Type 2) entered into between the Company and TBEA; and
- (3) Renew the Existing Miscellaneous Services Framework Agreement (Type 4) entered into between the Company and TBEA.

In view of the impending expiration of the continuing connected transaction framework agreements between the Company and Xinjiang Tebian on 31 December 2017, and in consideration of the developmental needs of the Company and Xinjiang Tebian as well as other factors, the Company proposes to renew the following continuing connected transaction framework agreements and proposes to determine the annual caps for the three years ending 31 December 2018, 2019 and 2020. Details are as follows:

- (1) Renew the Existing Product Procurement Framework Agreement (Type 3) entered into between the Company and Xinjiang Tebian; and
- (2) Renew the Existing Miscellaneous Services Framework Agreement (Type 5) entered into between the Company and Xinjiang Tebian.

On 15 December 2017, the Company entered into the Transportation Services Framework Agreement (Type 6) with Xinjiang Tebian, pursuant to which Xinjiang Tebian and/or its associates will provide transportation services to the Company. Pursuant to the Transportation Services Framework Agreement (Type 6), Zhongjiang Logistics, a subsidiary of Xinjiang Tebian, will provide coal, equipment and raw materials transportation services to the Company for the Company's polysilicon production, PV and wind power project construction purposes. The Transportation Services Framework Agreement (Type 6) has a term of three years, commencing from 1 January 2018 and expiring on 31 December 2020, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms, and quality standards) on the basis of the normal commercial terms provided in the Transportation Services Framework Agreement (Type 6).

Mr. Zhang Xin is a Connected Person of the Company by virtue of his position as a Director of the Company. 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. TBEA is directly and indirectly interested in approximately 60.25% of the total issued share capital of the Company, and is thus a Controlling Shareholder of the Company. Accordingly, TBEA is a Connected Person of the Company. Due to the foregoing reasons, the transactions conducted by the Group with Xinjiang Tebian and TBEA respectively constitute Connected Transactions as defined by the Listing Rules.

As each of the annual percentage ratios of the proposed annual caps for the proposed transactions contemplated under the New Product Procurement Framework Agreement (Type 1), the New Coal Procurement Framework Agreement (Type 2), the New Product Procurement Framework Agreement (Type 3), the New Miscellaneous Services Framework Agreement (Type 4), the New Miscellaneous Services Framework Agreement (Type 5) and the Transportation Services Framework Agreement (Type 6) calculated according to Rule 14.07 of the Listing Rules is higher than 0.1% but less than 5%, the New Product Procurement Framework Agreement (Type 1), the New Coal Procurement Framework Agreement (Type 2), the New Product Procurement Framework Agreement (Type 3), the New Miscellaneous Services Framework Agreement (Type 4), the New Miscellaneous Services Framework Agreement (Type 5) and the Transportation Services Framework Agreement (Type 6) and their proposed annual caps are subject to the annual reporting, annual reviewing and announcement requirements as set out under Chapter 14A of the Listing Rules, but are exempt from the circular and shareholders' approval requirements as set out under Chapter 14A of the Listing Rules.

1. Background

Reference is made to the Company's announcement dated 24 March 2016, the annual general meeting circular dated 29 April 2016 and the annual general meeting poll results announcement dated 16 June 2016, in relation to, among other things, the Company's Continuing Connected Transactions with TBEA and the Company's Continuing Connected Transactions with Xinjiang Tebian. Unless otherwise defined in this announcement, the terms used in this announcement shall have the same meaning as those defined in the announcement dated 24 March 2016, the annual general meeting circular and the annual general meeting poll results announcement.

In view of the impending expiration of the continuing connected transaction framework agreements between the Company and TBEA on 31 December 2017, and in consideration of the developmental needs of the Company and TBEA as well as other factors, the Company proposes to renew the following continuing connected transaction framework agreements and proposes to determine the annual caps for the three years ending 31 December 2018, 2019 and 2020. Details are as follows:

- (1) Renew the Existing Product Procurement Framework Agreement (Type 1) entered into between the Company and TBEA;
- (2) Renew the Existing Coal Procurement Framework Agreement (Type 2) entered into between the Company and TBEA; and
- (3) Renew the Existing Miscellaneous Services Framework Agreement (Type 4) entered into between the Company and TBEA.

In view of the impending expiration of the continuing connected transaction framework agreements between the Company and Xinjiang Tebian on 31 December 2017, and in consideration of the developmental needs of the Company and Xinjiang Tebian as well as other factors, the Company proposes to renew the following continuing connected transaction framework agreements and proposes to determine the annual caps for the three years ending 31 December 2018, 2019 and 2020. Details are as follows:

- (1) Renew the Existing Product Procurement Framework Agreement (Type 3) entered into between the Company and Xinjiang Tebian; and
- (2) Renew the Existing Miscellaneous Services Framework Agreement (Type 5) entered into between the Company and Xinjiang Tebian.

On 15 December 2017, the Company entered into the Transportation Services Framework Agreement (Type 6) with Xinjiang Tebian, pursuant to which Xinjiang Tebian and/or its associates will provide transportation services to the Company. Pursuant to the Transportation Services Framework Agreement (Type 6), Zhongjiang Logistics, a subsidiary of Xinjiang Tebian, will provide coal, equipment and raw materials transportation services to the Company for the Company's polysilicon production, PV and wind power project construction purposes. The Transportation Services Framework Agreement (Type 6) has a term of three years, commencing from 1 January 2018 and expiring on 31 December 2020, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or

associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms, and quality standards) on the basis of the normal commercial terms provided in the Transportation Services Framework Agreement (Type 6).

2. Product Procurement Framework Agreement with TBEA

2.1 Background of the transaction

In view of the impending expiry of the Existing Product Procurement Framework Agreement (Type 1) on 31 December 2017, the Company has entered into the New Product Procurement Framework Agreement (Type 1) with TBEA on 15 December 2017, under which the Company will procure from TBEA and/or its associates transformers (including ancillary equipment), wires, cables and other equipment. The New Product Procurement Framework Agreement (Type 1) has a term of three years, commencing from 1 January 2018 and expiring on 31 December 2020, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms and quality standards) on the basis of the normal commercial terms provided in the New Product Procurement Framework Agreement (Type 1).

2.2 Basis of determining the proposed annual caps

In response to the Company's actual business scale and transaction volumes, the Company entered into the New Product Procurement Framework Agreement (Type 1) and proposes to determine the annual caps for the three years ending 31 December 2018, 2019 and 2020 in order to cater to the Company's business development. According to the National Energy Administration's "Guidance and Comments on the Implementation of the "13th Five-Year" Plan for Renewable Energy Development" (《關於可再生能源發展“十三五”規劃實施的指導意見》), the PRC government will make a strong drive in energy structure adjustment, promoting the development of wind energy and solar energy, and raising planned on-grid installation targets, in order to tackle problems such as wind and PV power curtailment and insufficient subsidy funding, realising sustainable, healthy and ordered development of the renewable energy industry. Thus, the Company, with the benefit from the favourable national policy, is expected to sustain robust development of its businesses, and maintain stable demand of transformers (including ancillary equipment), wires, cables and other equipment.

The proposed annual caps of the New Product Procurement Framework Agreement (Type 1) are based on estimations of the maximum procurement cost and value of transformers (including ancillary equipment), wires, cables and other equipment arising from the Group's procurement from TBEA through tender and the rates according to TBEA's successful bid.

However, pursuant to the Existing Product Procurement Framework Agreement (Type 1) and the New Product Procurement Framework Agreement (Type 1), if an independent third party provides similar products with more favourable terms, conditions or prices than those

provided by TBEA, then the Company's procurement department will on the basis of the Company's internal guidelines and bid assessment standards select the bid and source the products from the independent third party. Thus, the actual amount and value of product procurement may be lower than the proposed annual caps.

In determining the proposed annual caps, the Company has also considered the Company and TBEA's historical transaction amounts and that the Company will invest resources to operate and develop PV and wind power installation capacity in the future.

The Group's historical transaction amounts and existing annual caps for procurement conducted pursuant to the Existing Product Procurement Framework Agreement (Type 1) are as follows:

	Year ended 31 December 2015 (RMB)	Year ended 31 December 2016 (RMB)	As at 31 October 2017 (RMB)
Existing annual cap	135,000,000	500,000,000	600,000,000
Historical transaction amount	389,533,636	231,440,000	198,668,658

The proposed annual caps with respect to the New Product Procurement Framework Agreement (Type 1) for the years ending 31 December 2018, 31 December 2019 and 31 December 2020 are as follows:

	Proposed annual cap for the year ending 31 December 2018 (RMB)	Proposed annual cap for the year ending 31 December 2019 (RMB)	Proposed annual cap for the year ending 31 December 2020 (RMB)
Proposed annual caps for the product procurement fee to be paid by the Company to TBEA and/or its associates	350,000,000	350,000,000	350,000,000

2.3 Reason for and benefit of conducting the transaction

In view of past collaborating experience with TBEA, the quality of TBEA's products is good and enjoys a leading position in the transformers industry market. In recent years, the Company has used more of TBEA's products such as transformers, wires and cables in PV and wind power station construction. Products supplied by TBEA has played a key role in the construction quality and long-term stable operations of our PV and wind power stations. As such products are necessities of our business operations, we generally procure the relevant equipment through a competitive bidding tender process and market

price comparisons. At the same time, in the Company's tender process, as TBEA possesses relative edge due to its product price, quality, delivery schedule and payment terms, TBEA and/or its associates participated in and won parts of the tender.

2.4 Pricing principles

To ensure that the terms and prices provided by TBEA and/or its associates are fair and reasonable and in line with market practices, we have and will continue to adopt the following tender process and principles to determine the procurement prices of procurement from TBEA:

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

3. Coal Procurement Framework Agreement with TBEA

3.1 Background of the transaction

In view of the impending expiry of the Existing Coal Procurement Framework Agreement (Type 2) on 31 December 2017, the Company has entered into the New Coal Procurement Framework Agreement (Type 2) with TBEA on 15 December 2017, under which TBEA and/or its associates will supply coal to the Company. According to the New Coal Procurement Framework Agreement (Type 2), Xinjiang Tianchi will provide to the Company coal (inclusive of part of transportation costs) for the Company's use in power generation and heat supply. The New Coal Procurement Framework Agreement (Type 2) has a term of three years, commencing from 1 January 2018 and expiring on 31 December 2020, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms, and quality standards) on the basis of the normal commercial terms provided in the New Coal Procurement Framework Agreement (Type 2).

3.2 Basis of determining the proposed annual caps

The Company's polysilicon technological transformation project has been completed in the first half of 2017, and polysilicon production capacity will reach 30,000 tons annually. As the Company's polysilicon production capacity increases, demand for power supplied from self-owned power plants rises, operating hours of self-owned power plants increases, and the demand of coal used for power generation increases. Meanwhile, the PRC government has strengthened its effort on the reformation of environmental protection, eliminated outdated outdated power generation plants and shut down a number of small coal mines that did not meet production conditions, resulting in reduced supply on the coal market and rise in coal prices. In determining the annual caps, the Company has taken into account factors including the increase in demand of coal for power generation and the increase in the price of coal.

The proposed annual caps of the New Coal Procurement Framework Agreement (Type 2) are based on estimations of the maximum procurement cost and value of coal arising from the Group's procurement from TBEA.

However, pursuant to the Existing Coal Procurement Framework Agreement (Type 2) and the New Coal Procurement Framework Agreement (Type 2), if an independent third party provides similar coal with more favourable terms, conditions or prices than those provided by TBEA, then the Company's procurement department will procure coal from the independent third party. Thus, the actual amount and value of coal procurement may be lower than the proposed annual caps.

The Group's historical transaction amounts and existing annual caps for procurement conducted pursuant to the Existing Coal Procurement Framework Agreement (Type 2) are as follows:

	Year ended 31 December 2015 (RMB)	Year ended 31 December 2016 (RMB)	As at 31 October 2017 (RMB)
Existing annual cap	130,000,000	200,000,000	200,000,000
Historical transaction amount	149,434,303	168,848,873	121,851,817

The proposed annual caps with respect to the New Coal Procurement Framework Agreement (Type 2) for the years ending 31 December 2018, 31 December 2019 and 31 December 2020 are as follows:

	Proposed annual cap for the year ending 31 December 2018 (RMB)	Proposed annual cap for the year ending 31 December 2019 (RMB)	Proposed annual cap for the year ending 31 December 2020 (RMB)
Proposed annual caps for the coal procurement fee to be paid by the Company to TBEA and/or its associates	300,000,000	300,000,000	300,000,000

3.3 Reason for and benefit of conducting the transaction

Xinjiang Tianchi currently owns two open pit coal mines with a total coal reserve of 12 billion tons. The coal procured by the Company is mainly consumed in power generation and heating supply. In the past, we have procured coal from Xinjiang Tianchi. Xinjiang Tianchi's coal has a low stripping ratio, and its mining scale is huge, which confers clear advantage in terms of cost price over its competitors. Xinjiang Tianchi's coal are of good quality and is stably supplied, it has a clear edge in scale, and it can provide coal to us at lower transportation costs given the proximity of its coal mines to the Company.

3.4 Pricing Principles

To ensure that the coal procurement terms and prices provided by TBEA and/or its associates are fair and reasonable and in line with market practices, we have and will continue to adopt the following measures and principles to determine the coal procurement prices:

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

4. Product Procurement Framework Agreement with Xinjiang Tebian

4.1 Background of the transaction

In view of the impending expiry of the Existing Product Procurement Framework Agreement (Type 3) on 31 December 2017, the Company has entered into the New Product Procurement Framework Agreement (Type 3) with Xinjiang Tebian on 15 December 2017, under which the Company will procure from Xinjiang Tebian and/or its associates equipment and enclosures (such as high-low voltage switch enclosures, control enclosures, power control enclosures, power distribution enclosures). The New Product Procurement Framework Agreement (Type 3) has a term of three years, commencing from 1 January 2018 and expiring on 31 December 2020, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms, and quality standards) on the basis of the normal commercial terms provided in of the New Product Procurement Framework Agreement (Type 3).

4.2 Basis of determining the proposed annual caps

In response to the Company’s actual business needs, the Company proposes to determine the annual caps for the three years ending 31 December 2018, 2019 and 2020 under the New Product Procurement Framework Agreement (Type 3), in order to cater to the Company’s business development. According to the National Energy Administration’s “Guidance and Comments on the Implementation of the “13th Five-Year” Plan for Renewable Energy Development” (《關於可再生能源發展“十三五”規劃實施的指導意見》), the PRC government will make a strong drive in energy structure adjustment, promoting the development of wind energy and solar energy, and raising planned on-grid installation targets, in order to tackle problems such as wind and PV power curtailment and insufficient subsidy funding, realing sustainable, healthy and ordered development of the renewable energy industry. Thus, the Company, with the benefit from favourable national policy, is expected to sustain robust development of its businesses, and maintain stable demand of high-low voltage switch enclosures, control enclosures, and power distribution enclosures.

The proposed annual caps of the New Product Procurement Framework Agreement (Type 3) are based on estimations of the maximum procurement cost and value of equipment and enclosures (such as high-low voltage switch enclosures, control enclosures, and power distribution enclosures) arising from the Group's procurement from Xinjiang Tebian through tender and the rates according to Xinjiang Tebian's successful bid.

However, pursuant to the Existing Product Procurement Framework Agreement (Type 3) and the New Product Procurement Framework Agreement (Type 3), if an independent third party provides similar products with more favourable terms, conditions or prices than those provided by Xinjiang Tebian, then the Company's procurement department will on the basis of the Company's internal guidelines and bid assessment standards select the bid and source the products from the independent third party. Thus, the actual amount and value of product procurement may be lower than the proposed annual caps.

In determining the annual caps, the Company has also taken into account the historical transaction amounts between the Company and Xinjiang Tebian and that the Company will invest more resources to operate and develop PV and wind power generation installation capacity in future.

The Group's historical transaction amounts and existing annual caps for procurement conducted pursuant to the Existing Product Procurement Framework Agreement (Type 3) are as follows:

	Year ended 31 December 2015 (RMB)	Year ended 31 December 2016 (RMB)	As at 31 October 2017 (RMB)
Existing annual cap	20,000,000	50,000,000	50,000,000
Historical transaction amount	17,720,001	13,059,673	13,255,967

The proposed annual caps with respect to the New Product Procurement Framework Agreement (Type 3) for the years ending 31 December 2018, 31 December 2019 and 31 December 2020 are as follows:

	Proposed annual cap for the year ending 31 December 2018 (RMB)	Proposed annual cap for the year ending 31 December 2019 (RMB)	Proposed annual cap for the year ending 31 December 2020 (RMB)
Proposed annual caps for the product procurement fee to be paid by the Company to Xinjiang Tebian and/or its associates	50,000,000	50,000,000	50,000,000

4.3 Reason for and benefit of conducting the transaction

Our business operations require products including high-low voltage switch enclosures, control enclosures, power control enclosures and power distribution enclosures. We will procure such products through a competitive tender invitation procedure. By virtue of the high quality of supplied products and competitive prices, Xinjiang Tebian and its associates have participated and won the bidding in the past. At the same time, Xinjiang Tebian is the backbone manufacturing enterprise within the industry for producing products such as high-low voltage switch enclosures, control enclosures and power distribution enclosures, as well as the largest manufacturing enterprise in the Xinjiang region. Xinjiang Tebian's products are thus competitive relative to other suppliers on the market.

4.4 Pricing Principles

To ensure that the terms and prices provided by Xinjiang Tebian and/or its associates are fair and reasonable and in line with market practices, we have and will continue to adopt the following tender process and principles to determine the product procurement prices:

- The Company's business department and the Company's subsidiaries will on the basis of their business needs submit procurement requests to the Company's procurement department.
- Once the Company's procurement department receives the procurement requests from the business department and the Company's subsidiaries, the Company's procurement department will on the basis of the procurement requirements extend the tender invitation to Qualified Suppliers to invite them to participate in bidding. For further details on the Company's assessment standards for Qualified Suppliers, please refer to the section headed "Assessment of Qualified Suppliers".
- Based on the Company's internal procurement procedure requirements, it will invite no less than five suppliers to participate in bidding. When there are no less than three assessable tenders, the Company will start the assessment process.
- Once all tenders are received from bidders, the bid assessment committee (comprised of representatives from the procurement department (including the procurement and supply chain management department), the supervisory department (including the finance, legal and audit departments), the engineering department, the technical department and the tender management department, other senior management staff (including the deputy general manager(s), the chief accountant and the general manager (excluding Connected Persons or associates of Connected Persons of the management)) and representatives from the department which made the initial procurement request) will consider factors such as product features and quality requirements, in order to consider the tender which best fits business needs and satisfies the tender requirements.
- Based on the foregoing factors, the bid assessment committee (focused only on bid assessment) will assess the tender and make the final decision to accept the tender. For further details on the assessment procedures, please refer to the section headed "Assessment Factors and Process" below.

- Once a tender is chosen, the procurement department will contact the bidder and negotiate miscellaneous terms of the agreement. However, the price and quality terms of the products will not be further discussed, and the original bidding terms will be adopted in the final contract. Once the terms are finalised, the Company will enter into a contract with the supplier and arrange for delivery of the product. The entire procurement process generally takes five to seven days.

5. Miscellaneous Services Framework Agreement with TBEA

5.1 Background of the transaction

In view of the impending expiry of the Existing Miscellaneous Services Framework Agreement (Type 4) on 31 December 2017, the Company has entered into the New Miscellaneous Services Framework Agreement (Type 4) with TBEA on 15 December 2017, under which TBEA and/or its associates will provide to the Company miscellaneous construction services (such as engineering construction, greenification services, installation of water, electricity, heating facilities). The New Miscellaneous Services Framework Agreement (Type 4) has a term of three years, commencing from 1 January 2018 and expiring on 31 December 2020, and may be extended subject to mutual consent and compliance with Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms, and quality standards) on the basis of the normal commercial terms provided in the New Miscellaneous Services Framework Agreement (Type 4).

5.2 Basis of determining the proposed annual caps

In response to the Company's actual business needs, the Company proposes to determine the annual caps for the three years ending 31 December 2018, 2019 and 2020 for the proposed transactions under the New Miscellaneous Services Framework Agreement (Type 4), in order to cater to the Company's business development. According to the National Energy Administration's "Guidance and Comments on the Implementation of the "13th Five-Year" Plan for Renewable Energy Development" (《關於可再生能源發展“十三五”規劃實施的指導意見》), the PRC government will make a strong drive in energy structure adjustment, promoting the development of wind energy and solar energy, and raising planned on-grid installation targets, in order to tackle problems such as wind and PV power curtailment and insufficient subsidy funding, realising sustainable healthy and ordered development of the renewable energy industry. Thus, the Company, with the benefit from the favourable national policy, is expected to sustain robust development of its businesses, and possess a certain demand of engineering construction, greenification services, and installations.

The proposed annual caps of the New Miscellaneous Services Framework Agreement (Type 4) are based on estimations of the maximum procurement cost and value of miscellaneous services arising from the Group's procurement from TBEA through tender and the historical rates according to TBEA's successful bid.

However, pursuant to the Existing Miscellaneous Services Framework Agreement (Type 4) and the New Miscellaneous Services Framework Agreement (Type 4), if an independent third party provides similar services with more favourable terms, conditions or prices than those provided by TBEA, then the Company's procurement department will on the basis of the Company's internal guidelines and bid assessment standards select the bid and source the miscellaneous services from the independent third party. Thus, the actual amount and value of miscellaneous services procurement may be lower than the proposed annual caps.

In determining the proposed annual caps, the Company has also taken into account historical transaction amounts between the Company and TBEA and that the Company will invest resources to develop PV and wind power generation installation capacity in future.

The Group's historical transaction amounts and existing annual caps for procurement conducted pursuant to the Existing Miscellaneous Services Framework Agreement (Type 4) are as follows:

	Year ended 31 December 2015 (RMB)	Year ended 31 December 2016 (RMB)	As at 31 October 2017 (RMB)
Existing annual cap	N/A	200,000,000	250,000,000
Historical transaction amount	N/A	29,106,566	46,086,732

The proposed annual caps with respect to the New Miscellaneous Services Framework Agreement (Type 4) for the years ending 31 December 2018, 31 December 2019 and 31 December 2020 are as follows:

	Proposed annual cap for the year ending 31 December 2018 (RMB)	Proposed annual cap for the year ending 31 December 2019 (RMB)	Proposed annual cap for the year ending 31 December 2020 (RMB)
Proposed annual caps for the miscellaneous services fee to be paid by the Company to TBEA and/or its associates	250,000,000	250,000,000	250,000,000

5.3 Reason for and benefit of conducting the transaction

TBEA has constructed many power transmission and transformation full-package projects overseas. TBEA's miscellaneous construction services mainly include provision of construction of transformers and step-up stations in PV and wind power stations, which are key for the connection of PV and wind power stations to the main power grid. TBEA has a relatively strong edge in aspects such as price, construction quality, and delivery period. We believe that TBEA's construction quality, work period, and service capacity all meet the Company's requirements for Qualified Suppliers, and are more able to understand our needs and requirements for miscellaneous construction services compared to independent third parties.

5.4 Pricing Principles

To ensure that the terms and prices provided by TBEA and/or its associates are fair and reasonable and in line with market practices, we have and will continue to adopt the following tender process and principles to determine the prices of miscellaneous services:

- The Company's business department and the Company's subsidiaries will on the basis of their business needs submit procurement requests to the Company's procurement department.
- Once the Company's procurement department receives the procurement requests from the business department and the Company's subsidiaries, the Company's procurement department will on the basis of the procurement requirements extend the tender invitation to Qualified Suppliers to invite them to participate in bidding. For further details on the Company's assessment standards for Qualified Suppliers, please refer to the section headed "Assessment of Qualified Suppliers".
- Based on the Company's internal procurement procedure requirements, it will invite no less than five suppliers to participate in bidding. When there are no less than three assessable tenders, the Company will start the assessment process.
- Once all tenders are received from bidders, the bid assessment committee (comprised of representatives from the procurement department (including the procurement and supply chain management department), the supervisory department (including the finance, legal and audit departments), the engineering department, the technical department and the tender management department, other senior management staff (including the deputy general manager(s), chief accountant and the general manager (excluding Connected Persons or associates of Connected Persons of the management)) and representatives from the department which made the initial procurement request) will consider factors such as product features and quality requirements, in order to consider the tender which best fits business needs and satisfies the tender requirements.

- Based on the foregoing factors, the bid assessment committee (focused only on bid assessment) will assess the tender and make the final decision to accept the tender. For further details on the assessment procedures, please refer to the section headed “Assessment Factors and Process” below.
- Once a tender is chosen, the procurement department will contact the bidder and negotiate miscellaneous terms of the agreement. However, the price and quality terms of the products will not be further discussed, and the original bidding terms will be adopted in the final contract. Once the terms are finalised, the Company will enter into a contract with the supplier and arrange for delivery of the product. The entire procurement process generally takes five to seven days.

6. Miscellaneous Services Framework Agreement with Xinjiang Tebian

6.1 Background of the transaction

In view of the impending expiry of the Existing Miscellaneous Services Framework Agreement (Type 5) on 31 December 2017, the Company has entered into the New Miscellaneous Services Framework Agreement (Type 5) with Xinjiang Tebian on 15 December 2017, under which the Company will procure from Xinjiang Tebian and/or its associates miscellaneous services (including engineering labour services, installation of electricity and gas facilities). The New Miscellaneous Services Framework Agreement (Type 5) has a term of three years, commencing from 1 January 2018 and expiring on 31 December 2020, and may be extended subject to mutual consent and compliance with Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms, and quality standards) on the basis of the normal commercial terms provided in the New Miscellaneous Services Framework Agreement (Type 5).

6.2 Basis of determining the proposed annual caps

In response to the Company’s actual business needs, the Company proposes to determine the annual caps for the three years ending 31 December 2018, 2019 and 2020 for the proposed transactions under the New Miscellaneous Services Framework Agreement (Type 5), in order to cater to the Company’s business development. According to the National Energy Administration’s “Guidance and Comments on the Implementation of the “13th Five-Year” Plan for Renewable Energy Development” (《關於可再生能源發展“十三五”規劃實施的指導意見》), the PRC government will make a strong drive in energy structure adjustment, promoting the development of wind energy and solar energy, and raising planned on-grid installation targets, in order to tackle problems such as wind and PV power curtailment and insufficient subsidy funding, realising sustainable, healthy and ordered development of the renewable energy industry. Thus, the Company, with the benefit from the favourable national policy, is expected to sustain robust development of its businesses, and possess a certain demand of civil works infrastructure constructions, renovations and installations.

The proposed annual caps of the New Miscellaneous Services Framework Agreement (Type 5) are based on estimations of the maximum procurement cost and value of miscellaneous services arising from the Group's procurement from Xinjiang Tebian through tender and the historical rates according to Xinjiang Tebian's successful bid.

However, pursuant to the Existing Miscellaneous Services Framework Agreement (Type 5) and the New Miscellaneous Services Framework Agreement (Type 5), if an independent third party provides similar services with more favourable terms, conditions or prices than those provided by Xinjiang Tebian, then the Company's procurement department will on the basis of the Company's internal guidelines and bid assessment standards select the bid and source the miscellaneous services from the independent third party. Thus, the actual amount and value of miscellaneous services procurement may be lower than the proposed annual caps.

In determining the proposed annual caps, the Company has also taken into account historical transaction amounts between the Company and Xinjiang Tebian and that the Company will invest resources to operate and develop PV and wind power generation installation capacity in future.

The Group's historical transaction amounts and existing annual caps for procurement conducted pursuant to the Existing Miscellaneous Services Framework Agreement (Type 5) are as follows:

	Year ended 31 December 2015 (RMB)	Year ended 31 December 2016 (RMB)	As at 31 October 2017 (RMB)
Existing annual cap	N/A	250,000,000	250,000,000
Historical transaction amount	N/A	40,114,424	33,789,130

The proposed annual caps with respect to the New Miscellaneous Services Framework Agreement (Type 5) for the years ending 31 December 2018, 31 December 2019 and 31 December 2020 are as follows:

	Proposed annual cap for the year ending 31 December 2018 (RMB)	Proposed annual cap for the year ending 31 December 2019 (RMB)	Proposed annual cap for the year ending 31 December 2020 (RMB)
Proposed annual caps for the miscellaneous services fee to be paid by the Company to Xinjiang Tebian and/or its associates	250,000,000	250,000,000	250,000,000

6.3 Reason for and benefit of conducting the transaction

Xinjiang Tebian possesses rich experience in installations of civil works infrastructure construction and renovation, and consistently provides quality ancillary services in civil works infrastructure construction, renovation and installation. Our business operations require various types of miscellaneous services such as civil works infrastructure construction, renovation and installation services, and we will procure the miscellaneous services through competitive tender invitation procedures. By virtue of the high quality of provided services and competitive prices, Xinjiang Tebian and its associates have participated in and won the bidding in the past.

6.4 Pricing Principles

To ensure that the terms and prices provided by Xinjiang Tebian and/or its associates are fair and reasonable and in line with market practices, we have and will continue to adopt the following tender process and principles to determine the prices of miscellaneous services:

- The Company's business department and the Company's subsidiaries will on the basis of their business needs submit procurement requests to the Company's procurement department.
- Once the Company's procurement department receives the procurement requests from the business department and the Company's subsidiaries, the Company's procurement department will on the basis of the procurement requirements extend the tender invitation to Qualified Suppliers to invite them to participate in bidding. For further details on the Company's assessment standards for Qualified Suppliers, please refer to the section headed "Assessment of Qualified Suppliers".
- Based on the Company's internal procurement procedure requirements, it will invite no less than five suppliers to participate in bidding. When there are no less than three assessable tenders, the Company will start the assessment process.
- Once all tenders are received from bidders, the bid assessment committee (comprised of representatives from the procurement department (including the procurement and supply chain management department), the supervisory department (including the finance, legal and accounting departments), the engineering department, the technical department and the tender management department, other senior management staff (including the deputy general manager(s), the chief accountant and the general manager (excluding Connected Persons or associates of Connected Persons of the management) and representatives from the department which made the initial procurement request) will consider factors such as product features and quality requirements, in order to consider the tender which best fits business needs and satisfies the tender requirements.
- Based on the foregoing factors, the bid assessment committee (focused only on bid assessment) will assess the tender and make the final decision to accept the tender. For further details on the assessment procedures, please refer to the section headed "Assessment Factors and Process" below.

- Once a tender is chosen, the procurement department will contact the bidder and negotiate miscellaneous terms of the agreement. However, the price and quality terms of the products will not be further discussed, and the original bidding terms will be adopted in the final contract. Once the terms are finalised, the Company will enter into a contract with the supplier and arrange for delivery of the product. The entire procurement process generally takes five to seven days.

7. Transportation Services Framework Agreement with Xinjiang Tebian

7.1 Background of the transaction

On 15 December 2017, the Company entered into the Transportation Services Framework Agreement (Type 6) with Xinjiang Tebian, under which Xinjiang Tebian and/or its associates will provide transportation services to the Company. According to the Transportation Services Framework Agreement (Type 6), Zhongjiang Logistics, a subsidiary of Xinjian Tebian, will provide coal, equipment and raw materials transportation services to the Company for its polysilicon production as well as PV and wind power project construction. The Transportation Services Framework Agreement (Type 6) has a term of three years, commencing from 1 January 2018 and expiring on 31 December 2020, and may be extended subject to mutual consent and compliance with the Listing Rules. The relevant subsidiaries or associates of both parties will enter into separate agreements, which will set out specific terms and conditions (including pricing, settlement terms, and quality standards) on the basis of the normal commercial terms provided in the Transportation Services Framework Agreement (Type 6).

7.2 Basis of determining the proposed annual caps

In response to the Company's actual business needs, the Company proposes to determine the annual caps for the three years ending 31 December 2018, 2019 and 2020 for the proposed transactions under the Transportation Services Framework Agreement (Type 6), in order to cater to the Company's business development. The amounts of such annual caps are determined with reference to (i) the expected volume of coal, equipment and raw materials to be transported by Zhongjiang Logistics for the three years ending 31 December 2018, 2019 and 2020; (ii) the Company will take into account of the transportation costs to hire other independent third party transportation services providers, and the proposed annual caps represent the projected maximum possible cost for services arising from the transportation transaction; (iii) estimated coal, equipment and raw materials transportation expenses; and (iv) the Company's business operation strategies.

However, pursuant to the Transportation Framework Agreement (Type 6), if an independent third party provides similar services with more favourable terms, conditions or prices than those provided by Xinjiang Tebian, then the Company's procurement department will on the basis of the Company's internal guidelines opt for the transportation services provided by the independent third party. Thus, the actual price of transportation services may be lower than the proposed annual caps.

In determining the proposed annual caps, the Company has also taken into account the projected price for the Company's coal, equipment and raw materials procurement and transportation demand in future.

The Group's historical transaction amounts and existing annual caps for usage of transportation services pursuant to the Transportation Services Framework Agreement (Type 6) are as follows:

	Year ended 31 December 2015 (RMB)	Year ended 31 December 2016 (RMB)	As at 31 October 2017 (RMB)
Existing annual cap	N/A	N/A	N/A
Historical transaction amount	N/A	N/A	N/A

The proposed annual caps with respect to the Transportation Services Framework Agreement (Type 6) for the years ending 31 December 2018, 31 December 2019 and 31 December 2020 are as follows:

	Proposed annual cap for the year ending 31 December 2018 (RMB)	Proposed annual cap for the year ending 31 December 2019 (RMB)	Proposed annual cap for the year ending 31 December 2020 (RMB)
Proposed annual caps for the transportation services fee to be paid by the Company to Xinjiang Tebian and/or its associates	150,000,000	150,000,000	150,000,000

7.3 Reason for and benefit of conducting the transaction

Zhongjiang Logistics mainly provides services related to railroad, road cargo transportation and trading business, while possessing good transportation capacity and logistics management. Zhongjiang Logistics offers competitive prices for transportation services, and at the same time can respond to the Company's coal, equipment and raw materials demands and timely and sufficiently make arrangements for coal transportation.

7.4 Pricing principles

The prices for the provision of transportation services for coal, equipment and raw materials under the Transportation Services Framework Agreement (Type 6) were arrived at after arm's length negotiations and are based on normal commercial terms and prevailing market conditions. In determining the prices, the Company has also taken into consideration the following factors:

- (1) The coal transportation costs for Zhongjiang Logistics, including: fuel costs, impairment, financial expenses, transportation staff salaries, management fees, maintenance costs, insurance fees, transportation management costs, main operations business taxes and other expenses.
- (2) Annual transportation prices determined by the Company's regular working conference and procurement special conference, based on the transportation costs for Zhongjiang Logistics, the Company's transportation needs, historical transportation prices of Zhongjiang Logistics, potential price fluctuation conditions and comments of specialist departments.

8. Board Confirmation

Mr. Zhang Xin and Ms. Guo Junxiang, Directors of the Company, both hold positions at or hold interests in TBEA, and they are deemed to have material interest and have abstained from voting at the Board meeting with respect to the review and approval of the transactions concerning the New Product Procurement Framework Agreement (Type 1), the New Coal Procurement Framework Agreement (Type 2) and the New Miscellaneous Services Framework Agreement (Type 4). The Directors (excluding Directors required to abstain but including independent non-executive Directors) are of the view that the New Product Procurement Framework Agreement (Type 1), the New Coal Procurement Framework Agreement (Type 2) and the New Miscellaneous Services Framework Agreement (Type 4) are in the ordinary and usual course of business of the Group and on normal commercial terms, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Save for the afore disclosed, none of the Directors have any material interests in the New Product Procurement Framework Agreement (Type 1), the New Coal Procurement Framework Agreement (Type 2) and the New Miscellaneous Services Framework Agreement (Type 4) and in the proposed transactions to supply products and services to the Company thereunder.

Mr. Zhang Xin, Director of the Company, holds a position at or holds an interest in Xinjiang Tebian, and he is deemed to have material interest and has abstained from voting at the Board meeting with respect to the review and approval of the transactions concerning the New Product Procurement Framework Agreement (Type 3), the New Miscellaneous Services Framework Agreement (Type 5) and the Transportation Services Framework Agreement (Type 6). The Directors (excluding Directors required to abstain but including independent non-executive Directors) are of the view that the New Product Procurement Framework Agreement (Type 3), the New Miscellaneous Services Framework Agreement (Type 5) and the Transportation Services Framework Agreement (Type 6) are in the ordinary and usual course of business of the Group and on normal commercial terms, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Save for the afore disclosed, none of the Directors have any material interests in the New Product Procurement Framework Agreement (Type 3), the New Miscellaneous Services Framework Agreement (Type 5) and the Transportation Services Framework Agreement (Type 6) and in the proposed transactions to supply products and services to the Company thereunder.

9. Listing Rules Implications

Mr. Zhang Xin is a Connected Person of the Company by virtue of his position as a Director of the Company. 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. TBEA is directly and indirectly interested in approximately 60.25% of the total issued share capital of the Company, and is thus a Controlling Shareholder of the Company. Accordingly, TBEA is a Connected Person of the Company. Due to the foregoing reasons, the transactions conducted by the Group with Xinjiang Tebian and TBEA respectively constitute Connected Transactions as defined by the Listing Rules.

As each of the annual percentage ratios of the proposed annual caps for the proposed transactions contemplated under the New Product Procurement Framework Agreement (Type 1), the New Coal Procurement Framework Agreement (Type 2), the New Product Procurement Framework Agreement (Type 3), the New Miscellaneous Services Framework Agreement (Type 4), the New Miscellaneous Services Framework Agreement (Type 5) and the Transportation Services Framework Agreement (Type 6) calculated according to Rule 14.07 of the Listing Rules is higher than 0.1% but less than 5%, the New Product Procurement Framework Agreement (Type 1), the New Coal Procurement Framework Agreement (Type 2), the New Product Procurement Framework Agreement (Type 3), the New Miscellaneous Services Framework Agreement (Type 4), the New Miscellaneous Services Framework Agreement (Type 5) and the Transportation Services Framework Agreement (Type 6) and their proposed annual caps are subject to the annual reporting, annual reviewing and announcement requirements as set out under Chapter 14A of the Listing Rules, but are exempt from the circular and shareholders' approval requirements as set out under Chapter 14A of the Listing Rules.

10. Assessment of Qualified Suppliers

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

The relevant supplier assessment department (including the procurement department, the safety and quality department, the engineering management department and the works monitoring department), the bidding management department and the technical department will consider applications on the basis of technical level and standards assessments, and will arrange on-site inspections, to conduct further due diligence, and suppliers who satisfy such conditions will be added to the Company's Qualified Suppliers list. We will from the Qualified Suppliers list invite not less than five Qualified Suppliers to participate in bidding. The Company in selecting the five Qualified Suppliers to participate in bidding will consider the following factors, including, the geographical location of such Qualified Suppliers, whether such Qualified Suppliers are able to satisfy specific requirements, transportation costs and time, and production capacity of procurement orders, in order to determine whether procurement volumes can be satisfied on time, so as to avoid risks with delays.

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

11. Assessment Factors and Process

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

Factor	Weight	Assessment standards and procedures
Price	70%	<ul style="list-style-type: none"> • The Company sets the price assessment benchmark; • Benchmark price is set by sampling not less than three tenders and taking the mean price discounted by 10%; • If the bid price is set at over 2% of benchmark price, 4 points shall be deducted from the bid; • If the bid price is set at over 1% of benchmark price, 2 points shall be deducted from the bid; • If the bid price is set at over 30% of benchmark price, the bid will be cancelled; and • If the bid price is set at under 30% of the benchmark price, the assessment committee will also take into account the estimated costs of the product and the following factors to consider whether the price provided by the bidder is reasonable.
Technical level, safety and quality	20%	<ul style="list-style-type: none"> • Whether product standards and major constituents satisfy technical requirements; • Whether major constituents of products are produced by reputable brands and are of superior quality; • Whether the bidder has obtained the necessary quality accreditation; • Whether the bidder had previously supplied the Company with defective products and the Company's rate of return with the products; and • Whether the supplier can timely discover and resolve the Company's questions and difficulties.

Factor	Weight	Assessment standards and procedures
Business operations	10%	<ul style="list-style-type: none"> • Whether the tender satisfies delivery requirements; • Historical records of delayed delivery; and • Payment terms provided by the bidder.

12. Internal Controls

To ensure the Company's conformity with the above pricing policy from time to time, the Company has adopted a series of internal controls for its daily operations. Such internal review measures will be conducted and supervised by the relevant business departments, Directors, Supervisors, secretary of the Board and the Audit Committee of the Company:

- the Company has adopted a further enhanced transaction management system on Connected Transactions. According to the system, business departments of the Company are required to conduct updates of separate agreements for the Continuing Connected Transactions, and report on a regular basis to the secretary of the Board in respect of the execution 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 is also responsible for the data collection and monitoring of Connected Transactions, and for conducting evaluation on the fairness of the transaction terms and the pricing terms. It will discuss with our subsidiaries and business departments to determine the annual caps and execution of the Company's Connected Transactions. It will also report to the Board and the Supervisors on the Group's Connected Transactions on quarterly 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);
- the Company will, based on the regulations of the Listing Rules, strengthen training in relation to the review and decision-making processes and information disclosure requirements of Connected Transactions, further promoting awareness among the relevant business departments in the corresponding compliance requirements; and
- the independent non-executive Directors of the Company have also reviewed and will continue to review the non-exempt Continuing Connected Transactions to ensure such agreements are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements. The auditors of the Company will also conduct an annual review on the pricing and annual caps of such non-exempt Continuing Connected Transactions.

13. General Information

13.1 Information on the Company

The Company's main business includes polysilicon production and provision of PV and wind power projects construction and contractual services. The Company is also engaged in the manufacturing of supporting equipment (mainly inverters, flexible DC and static VAR compensation equipment), which are used for our construction and contractual services or sold to third-parties.

13.2 Information on 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 is RMB3,718,647,789. TBEA and its close associates (excluding the Group) is mainly engaged in: (i) production and sales of transformers, inductors, wires, cables and other electrical and machinery equipment; and (ii) construction and contracting of domestic and international power transmission projects, hydro and geothermal power projects.

13.3 Information on Xinjiang Tebian

Xinjiang Tebian is a company with limited liability incorporated in the PRC on 27 January 2003. As of the date of this announcement, its registered capital is RMB75,000,000. The main business of Xinjiang Tebian is the production and sales of accessories for electrical and mechanical products and industrial investment.

13.4 Information on Xinjiang Tianchi

Xinjiang Tianchi is a company with limited liability incorporated in the PRC on 29 November 2002 and is a subsidiary of Xinjiang Tebian. As of the date of this announcement, its registered capital is RMB1,298,000,000. The main business of Xinjiang Tianchi is the mining and sales of coal.

13.5 Information on Zhongjiang Logistics

Zhongjiang Logistics is a company with limited liability incorporated in the PRC on 4 May 2011 and is a subsidiary of Xinjiang Tebian. As of the date of this announcement, its registered capital is RMB287,000,000. The main business of Zhongjiang Logistics is the provision of services related to railroad cargo transportation in the PRC.

14. Definitions

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

“associate(s)”	has the same meaning as ascribed to it under the Hong Kong Listing Rules
“Audit Committee”	audit committee of the Board of Directors
“Board” or “Board of Directors”	the board of Directors of the Company
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Company”, “we” or “us”	Xinte Energy Co., Ltd., a joint stock company with limited liability incorporated under the laws of the PRC on 16 October 2012 and except where the context indicates otherwise in respect of the period before our Company become the holding company of our present subsidiaries, the present subsidiaries of our Company and the business carried on by such subsidiaries or (as the case may be) their respective predecessors
“Connected Person(s)”	has the same meaning as ascribed to it under the Hong Kong Listing Rules
“Connected Transaction(s)”	has the same meaning as ascribed to it under the Hong Kong Listing Rules
“Continuing Connected Transaction(s)”	has the same meaning as ascribed to it under the Hong Kong Listing Rules
“Controlling Shareholder(s)”	has the same meaning as ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Product Procurement Framework Agreement (Type 1)”	the product procurement framework agreement entered into by the Company and TBEA on 30 October 2015, and revised on the Board’s recommendation on 24 March 2016 and subsequently approved at the Shareholders’ annual general meeting of the Company on 16 June 2016

“Existing Coal Procurement Framework Agreement (Type 2)”	the coal procurement framework agreement entered into by the Company and TBEA on 30 October 2015, and revised by the Board on 24 March 2016
“Existing Product Procurement Framework Agreement (Type 3)”	the product procurement framework agreement entered into by the Company and Xinjiang Tebian on 30 October 2015, and revised by the Board on 24 March 2016
“Existing Miscellaneous Services Framework Agreement (Type 4)”	the miscellaneous construction services framework agreement entered into by the Company and TBEA on 30 October 2015, and revised by the Board on 24 March 2016
“Existing Miscellaneous Services Framework Agreement (Type 5)”	the procurement of miscellaneous services framework agreement entered into by the Company and Xinjiang Tebian on 30 October 2015, and revised by the Board on 24 March 2016
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Product Procurement Framework Agreement (Type 1)”	the product procurement framework agreement entered into by the Company and TBEA on 15 December 2017
“New Coal Procurement Framework Agreement (Type 2)”	the coal procurement framework agreement entered into by the Company and TBEA on 15 December 2017
“New Product Procurement Framework Agreement (Type 3)”	the product procurement framework agreement entered into by the Company and Xinjiang Tebian on 15 December 2017
“New Miscellaneous Services Framework Agreement (Type 4)”	the miscellaneous services framework agreement entered into by the Company and TBEA on 15 December 2017
“New Miscellaneous Services Framework Agreement (Type 5)”	the miscellaneous services framework agreement entered into by the Company and Xinjiang Tebian on 15 December 2017

“Procurement Requirements”	requirements issued to the Company’s procurement department by the Group based on its business needs
“Qualified Supplier(s)”	supplier(s) assessed as qualified and listed as qualified supplier(s)
“Qualified Supplier Application”	application as a Qualified Supplier submitted during the Company’s Qualified Supplier assessment process
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the same meaning as ascribed to it under the Hong Kong Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“TBEA”	TBEA Co., Ltd. (特變電工股份有限公司), a joint stock company incorporated in the PRC on 26 February 1993. TBEA is our controlling shareholder
“Transportation Services Framework Agreement (Type 6)”	the transportation services framework agreement entered into between the Company and Xinjiang Tebian on 15 December 2017
“Xinjiang Tebian”	Xinjiang Tebian (Group) Co., Ltd. (新疆特變電工集團有限公司), a company with limited liability incorporated in the PRC on 27 January 2003. Xinjiang Tebian is a Connected Person of our Company as it is a controlled company with more than 30% of its equity interest being held, directly or indirectly, by Mr. Zhang Xin who is a Connected Person of our Company by virtue of his position as our Director
“Xinjiang Tianchi”	Xinjiang Tianchi Energy Co., Ltd. (新疆天池能源有限責任公司), a company with limited liability incorporated in the PRC on 29 November 2002 and is a subsidiary of TBEA

“Zhongjiang Logistics”

Zhongjiang Logistics Co., Ltd. (中疆物流有限責任公司),
a company with limited liability incorporated in the PRC
on 4 May 2011 and is a subsidiary of Xinjiang Tebian

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

Xinjiang, the PRC
15 December 2017

As of 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. Zhang Xin, Ms. Guo Junxiang and Mr. Tao Tao as non-executive Directors; Mr. Qin Haiyan, Mr. Yang Deren and Mr. Wong, Yui Keung Marcellus as independent non-executive Directors.