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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**

### **DISCLOSEABLE TRANSACTION**

### **PROPOSED INTRODUCTION OF A THIRD PARTY INVESTOR FOR CAPITAL INJECTION TO A SUBSIDIARY**

On 24 December 2018, the Company and Xinjiang New Energy entered into the Xinjiang New Energy Capital Injection Agreement and Xinjiang New Energy Share Transfer Agreement with ABC Financial in connection with the Capital Injection.

#### **XINJIANG NEW ENERGY CAPITAL INJECTION AGREEMENT**

On 24 December 2018, the Company, ABC Financial and Xinjiang New Energy entered into the Xinjiang New Energy Capital Injection Agreement, pursuant to which ABC Financial agreed to inject capital to Xinjiang New Energy and subscribe its newly issued shares with monetary capital in an aggregate amount of RMB1 billion (equivalent to approximately HK\$1.136 billion). The amount of Capital Injection will be included as equity attributable to Xinjiang New Energy. Upon the Completion of Capital Injection, the Investor will hold approximately 20.59% of the equity interest in Xinjiang New Energy.

#### **XINJIANG NEW ENERGY SHARE TRANSFER AGREEMENT**

On 24 December 2018, the Company, ABC Financial and Xinjiang New Energy also entered into the Xinjiang New Energy Share Transfer Agreement, pursuant to which, (i) under specific circumstances (as hereinafter defined), including, among others, after 60 months upon the Completion of Capital Injection, the Company may exercise the Option to Subscribe for Capital Injection Shares and buy back the Capital Injection Equity Interest from ABC Financial; or (ii) under certain circumstances, ABC Financial may exercise the Perpetual Bond Option to convert the Capital Injection Equity Interest into perpetual bonds of the Target Company.

## **LISTING RULES IMPLICATIONS**

### **Xinjiang New Energy Capital Injection**

Upon Completion of Capital Injection, the Company's equity interest in the Target Company will be diluted from approximately 98.89% to approximately 78.53%. As such, the transaction contemplated under the Xinjiang New Energy Capital Injection Agreement constitutes a Deemed Disposal of the Company under Chapter 14 of the Listing Rules. As one or more applicable percentage ratios calculated in respect of the transaction contemplated under the Xinjiang New Energy Capital Injection Agreement exceed 5% but are less than 25%, the transaction contemplated under the Xinjiang New Energy Capital Injection Agreement constitutes a discloseable transaction of the Company. As such, the Company is subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **Option to Subscribe for Capital Injection Shares**

Pursuant to the Listing Rules, the grant of the Option to Subscribe for Capital Injection Shares to the Company in accordance with the Share Transfer Agreement to buy back the Capital Injection Shares constitutes a transaction under Chapter 14 of the Listing Rules and should be classified by reference to the percentage ratios described in the Listing Rules. Pursuant to the Listing Rules, only the premium will be taken into consideration for the purpose of classifying the transaction as a notifiable transaction. In respect of the grant of the Option to Subscribe for Capital Injection Shares (the exercise of which is at the discretion of the Company), only the premium paid at the time of the grant of option will be taken into consideration for the calculation of the percentage ratios. As the Company does not need to pay any premium for the grant of the Option to Subscribe Capital Injection Shares, the transaction in relation to the grant of the Option to Subscribe for Capital Injection Shares to the Company does not constitute a notifiable transaction of the Company.

The Company will comply with the applicable Listing Rules upon its exercise of the option.

# 1. XINJIANG NEW ENERGY CAPITAL INJECTION AGREEMENT

The principal terms of the Xinjiang New Energy Capital Injection Agreement are summarized as follows:

Date:	24 December 2018
Parties:	<p>(i) the Company;</p> <p>(ii) the Investor; and</p> <p>(iii) the Target Company.</p> <p>To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Investor and its ultimate beneficial owner(s) are independent third parties independent of the Company and its connected persons.</p>
Consideration:	<p>The Investor shall inject capital to Xinjiang New Energy and subscribe its newly issued shares with monetary capital in an aggregate amount of RMB1 billion (equivalent to approximately HK\$1.136 billion). The amount of Capital Injection will be included as equity attributable to Xinjiang New Energy.</p> <p>As at the date of this announcement, the equity interest of Xinjiang New Energy is owned as to approximately 98.89% and approximately 1.11% by the Company and CECEP respectively. Upon Completion of Capital Injection, the equity interest of the Company and CECEP in Xinjiang New Energy will be diluted to approximately 78.53% and approximately 0.88% respectively, and the Investor will hold approximately 20.59% of the equity interest in Xinjiang New Energy.</p> <p>The amount of the Capital Injection and the Capital Injection Equity Interest under the Capital Injection Agreement were determined after arm's length negotiations between the Company, the Investor and the Target Company. The final price of the Capital Injection Equity Interest and the proportion of Capital Injection were determined by reference to and on the basis of the net assets per share of Xinjiang New Energy at 31 December 2017 as audited by Independent Auditor in accordance with the PRC GAAP.</p>

<p>Conditions Precedent:</p>	<p>The obligations in relation to the payment of Consideration by the Investor are subject to the fulfilment and/or waiver of the following conditions precedent:</p> <ol style="list-style-type: none"> <li>(1) All relevant contracts, agreements and other legal documents for the Capital Injection have been signed by the parties and become effective. There has not been any event of default since the date of signing.</li> <li>(2) The Company and the Investor have reached a consensus in respect of the amendments to the Target Company’s articles of association in relation to the Capital Injection.</li> <li>(3) The Company has issued a legal and valid written resolution to approve the Capital Injection and related procedures must comply with relevant regulatory requirements.</li> <li>(4) The Target Company authorizes the Changji Branch of the Agricultural Bank of China Co., Ltd. to supervise the capital injection account of the Target Company with the Agricultural Bank of China Co., Ltd., and the Account Supervisory Agreement has been executed and become effective.</li> <li>(5) The representations and warranties made by the Target Company and the Company under the Capital Injection Agreement have remained true, complete and accurate as of the date of the Completion of Capital Injection.</li> <li>(6) The financial conditions of the Target Company and the Company have remained substantially the same and there has not been material adverse change as of the date of the Completion of Capital Injection.</li> </ol>
<p>Payment:</p>	<p>The Consideration shall be payable by the Investor in monetary capital by the date specified on the payment notice.</p> <p>The payment notice will be issued by the Target Company within 5 business days from the date on which the conditions precedent above are all fulfilled or, fully or partially, waived.</p>
<p>Completion of Capital Injection:</p>	<p>Capital Injection shall be completed on the day when the Consideration was paid by the Investor.</p>

Use of Proceeds from the Capital Injection:	The proceeds shall be mainly used to repay Xinjiang New Energy's debts in form of bank loans and may also be used to repay other debts due to banks or non-bank financial institutions.
Performance Requirement:	<p>Upon the Capital Injection Agreement being effective, during any financial year when the Investor is the holder of equity interest in the Target Company, Xinjiang New Energy's Profit Distributable to Shareholders shall be RMB335,114,200.</p> <p>If in any financial year, the Profit Distributable to Shareholders is less than RMB335,144,200, Xinjiang New Energy shall first distribute the Profit Distributable to Shareholders to the Investor. Xinjiang New Energy can only distribute profit to other shareholders after the Investor has received the amount it is entitled to.</p> <p>For the avoidance of doubt, Xinjiang New Energy's failure to meet the performance requirement under the Capital Injection Agreement does not constitute a breach of contract under the Capital Injection Agreement.</p>
Corporate Governance upon Completion of Capital Injection:	<p>Upon the Completion of Capital Injection, the Investor shall be entitled to all the rights enjoyed by the shareholders of Xinjiang New Energy as provided for by the laws and Xinjiang New Energy's articles of association. When the Investor exercises the shareholders' rights to participate in the corporate governance, it shall provide assistance in the operational management of Xinjiang New Energy without prejudice to the interests of the Investor. Xinjiang New Energy shall obtain prior approval in writing from the Investor before deciding on matters that may have significant impact on its operation and the shareholders' equity interest of the Investor.</p> <p>Two directors shall be added to the board of directors of Xinjiang New Energy upon the Completion of Capital Injection, one of each new directors shall be nominated by the Company and the Investor. The board of directors of Xinjiang New Energy shall be elected at the shareholders' meeting of Xinjiang New Energy, and its chairman shall be a director nominated by the Company.</p>
Transfer of Shares:	Upon the Completion of Capital Injection, the Company shall be granted rights to buy back the Capital Injection Equity Interest from the Investor under specific circumstances (as hereinafter defined) in accordance with the Share Transfer Agreement and the Company and Investor may agree on other treatment methods in respect of the transfer of Capital Injection Equity Interest subject to the terms and conditions of the Share Transfer Agreement.

<p>Representations and Warranties:</p>	<ol style="list-style-type: none"> <li>(1) The execution and performance of the Capital Injection Agreement shall not violate or conflict with any provisions in the articles of association or other organisational rules of Xinjiang New Energy and the Company, or in any agreements and documents signed by Xinjiang New Energy and the Company.</li> <li>(2) Xinjiang New Energy does not have any material debts that are not reflected in the balance sheet. Guarantees, mortgages or pledges, if any, shall be disclosed to the Investor, with the Investor's confirmation obtained before the execution of the Capital Injection Agreement.</li> <li>(3) Xinjiang New Energy has completed all the tax registrations as required by the laws and regulations, has paid all the tax payable and is not required to pay any penalties, surcharges, fines, late fees or interest in relation to such tax.</li> <li>(4) Xinjiang New Energy legally owns and uses all its real estates, fixed and intangible assets, and there are no security interests, encumbrances and restrictions over those properties. Xinjiang New Energy has obtained and maintained all title documents and other related documents in relation to such properties and interests.</li> <li>(5) The relevant financial statements provided by Xinjiang New Energy as required by the Investor give a true, complete and accurate view of the operation and financial conditions of Xinjiang New Energy during the relevant period or as at the relevant reference date. All audited accounts and management accounts (including transfer accounts) of Xinjiang New Energy are prepared in accordance with the financial and accounting systems of the PRC laws and based on the specific conditions of Xinjiang New Energy, and give a true and fair view of the financial and operation conditions of Xinjiang New Energy as at the date of such accounts.</li> <li>(6) Before the Completion of Capital Injection, Xinjiang New Energy has not been involved or possibly involved in any material litigation, arbitration, administrative enforcement, administrative penalties or economic disputes. Save as specified in the financial statements, Xinjiang New Energy is not aware of any liabilities and contingent liabilities that have not been disclosed as far as it knows or ought to know.</li> <li>(7) The Company and Xinjiang New Energy undertake that the Target Company's consolidated gearing ratio will comply with relevant requirements during the period when the shares of the Target Company is held by the Investor.</li> </ol>
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## 2. XINJIANG NEW ENERGY SHARE TRANSFER AGREEMENT

The principal terms of the Share Transfer Agreement are summarized as follows:

Date:	24 December 2018
Parties:	(i) the Company;  (ii) the Investor; and  (iii) the Target Company.
Option to Subscribe for Capital Injection Shares:	<p>Upon the occurrence of any one of the following “specific circumstances”, the Company shall be entitled to the Option to Subscribe for Capital Injection Shares to buy back the Capital Injection Shares from the Investor. The exercise of such option is at the Company’s discretion.</p> <p>“Specific circumstances” include:</p> <ol style="list-style-type: none"><li>(1) 60 months after the Completion of Capital Injection, the Company or its designated third party has not bought back all of the Investor’s shares in the Target Company, and the Company and the Investor have not reached a consensus with the Investor on the extension of the Investor’s investment period in the Target Company.</li><li>(2) From the second financial year after the Completion of Capital Injection, the Profit Distributable to Shareholders of the Target Company has not met the performance requirement as stated in the Capital Injection Agreement; or in any financial year, the profit distributed by the Target Company to the Investor has not reached the amount attributable to the Investor as required (i.e. approximately RMB69,000,000), and the Company is unable to properly resolve such issue within the grace period given by the Investor.</li></ol>

	<p>(3) Any member of the Group in breach of the Capital Injection Agreement, the Share Transfer Agreement and other relevant agreements, and failed to properly resolve such issue within the grace period given by the Investor or in accordance with the requirements of the Investor.</p> <p>(4) The Target Company is subject to bankruptcy or liquidation, including but not limited to any involuntary or voluntary bankruptcy, suspension, liquidation, revocation, closure, striking off or deregistration procedures.</p> <p>(5) The use of proceeds from the Capital Injection according to the Capital Injection Agreement cannot be achieved due to <i>force majeure</i>.</p> <p>Upon the occurrence of any of the above “specific circumstances”, the Investor may serve a notice to the Company to inform the Company or its designated third party to exercise the Option to Subscribe for Capital Injection Shares, and the price for exercising the Option to Subscribe for Capital Injection Shares shall be calculated in accordance with Formula 1 (please see the section headed “Exercise Price” below).</p> <p>No premium is payable for the grant of the Option to Subscribe for Capital Injection Shares to the Company.</p>
Investor’s Rights:	<p>Upon the occurrence of a “specific circumstance” but the Company or its designated third party has not exercised the Option to Subscribe for Capital Injection Shares, the Investor is entitled to exercise all or any of the following rights:</p> <p>(1) To request for an increase in the number of directors in the Target Company that may be nominated by the Investor or adjust the composition of the board of directors, such that it holds more than 50% of the voting rights in the board of directors of the Target Company.</p> <p>(2) To transfer all or part of the Capital Injection Shares to any third party; in such case, the Company does not have the right of first refusal to the shares in the Target Company held by the Investor.</p> <p>(3) From the second year after the occurrence of the “specific circumstance”, the transfer price payable by the Company for the Capital Injection Shares to be acquired shall be calculated according to Formula 2 (please see the section headed “Exercise Price” below), and the Investor may request the Company to pay the transfer price of the Capital Injection Shares within the time limit requested by the Investor.</p>

	<p>(4) To request the Company to assist in amending the Target Company’s articles of association, such that the Investor’s voting rights at the shareholders’ meetings of the Target Company will be adjusted to 51%.</p> <p>(5) To request the Company to tag along and dispose its shares in the Target Company in the same proportion as that of the Investor, that is, the proportion of shares in the Target Company disposed by the Company shall be calculated according to the proportion of the shares in the Target Company disposed by the Investor against its total shares in the Target Company.</p> <p>During the period requested by the Investor, the Company and the Target Company are obliged to provide all necessary assistance and cooperation for the exercise of such rights by the Investor, including but not limited to completing the requisite procedures, formalities or matters for internal resolutions, relevant amendments to the agreements or the Target Company’s articles of association, external approvals, filing or registration in accordance with the Share Transfer Agreement.</p>
Investor’s Perpetual Bond Option:	<p>Upon the occurrence of a “specific circumstance” and the Company has not exercised the Option to Subscribe for Capital Injection Shares, the Investor shall be entitled to the Perpetual Bond Option to convert the Capital Injection Shares into perpetual bonds of the Target Company.</p> <p>Under the Perpetual Bond Option, if the Company does not exercise the Option to Subscribe for Capital Injection Shares, the Investor shall have the right to elect to convert the shares in the Target Company to equity perpetual bonds of the Target Company held by the Investor. After the conversion, the Investor shall receive 10,000,000 perpetual bonds having a denomination of RMB100 each, and the principal terms of the perpetual bonds are as follows:</p> <ul style="list-style-type: none"> <li>a) The annualized interest rate of the perpetual bonds will not be lower than 6.9%;</li> <li>b) The cycle of the perpetual bonds is one year, and from the second cycle onwards, the annualized interest rate will be that of the previous cycle plus 100 basis points;</li> <li>c) Upon conversion, the Capital Injection Shares shall be converted to perpetual bonds with a fixed amount. If there exists undistributed profit attributable to the Investor during the period of its shares in the Target Company before conversion that has not been declared for distribution, it will no longer be attributable to the Investor on the day of conversion of the perpetual bonds; and any non-distribution of dividends during such period does not constitute a breach of contract under the Share Transfer Agreement.</li> </ul>

<p>Exercise Price:</p>	<p>There are two ways of calculating the exercise price for the transfer of the equity interest in the Target Company:</p> <p><u>Formula 1</u></p> <p>Upon the occurrence of a “specific circumstance”, the subscription price payable by the Company in exercising the Option to Subscribe for Capital Injection Shares shall be calculated based on “Principal investment amount + Difference”. The Difference is calculated using the formula below:</p> <p>Difference = (the Target Company’s Profit Distributable to Shareholders based on the performance requirements under the Capital Injection Agreement × percentage of shares held by the Investor in the Target Company × the number of days between the date of payment for the Capital Injection by the Investor and the date of payment of the exercise price / 360 – investment income obtained by the Investor during the period of its shareholding in the Target Company) / 75%</p> <p><u>Formula 2</u></p> <p>If the Company buys back the equity interest in the Target Company according to situation (3) mentioned in the section headed “Investor’s Rights” above, the exercise price shall be calculated according to Formula 2, the amount arrived according to Formula 1 will be used as the “Base Value”, and starting from the day following the occurrence of the “specific circumstance” (the “Point of Increase”), the exercise price shall be calculated using the following formula:</p> <p>Exercise price after the Point of Increase = Base Value × (1 + annualized rate of return after the Point of Increase × n / 360)</p> <p>Annualized rate of return after the Point of Increase = 6.9% + 1% [n / 360]</p> <p>a) “n” is the number of days between the date of occurrence of the “specific circumstance” and the date of payment of the exercise price.</p> <p>b) [n / 360] is n / 360 rounded up to the nearest integer.</p>
<p>Condition Precedent:</p>	<p>The Investor must have subscribed the Capital Injection Equity Interest pursuant to the Capital Injection Agreement.</p>
<p>Extension of Investment Period:</p>	<p>The Company or the Investor may propose to extend the Investor’s investment period in the Target Company subject to the other party’s consent.</p>

### 3. INFORMATION ON THE TARGET COMPANY AND EFFECTS OF THE DEEMED DISPOSAL ON THE GROUP

Based on Xinjiang New Energy's audited financial statements prepared under the PRC GAAP, the audited net asset value of Xinjiang New Energy as at 31 December 2017 was approximately RMB3,856,676,512.83 and the net profit of Xinjiang New Energy before and after taxation for the years ended 31 December 2017 and 2016 as audited by Independent Auditor are as follows:

	For the financial year ended 31 December 2016 (RMB)	For the financial year ended 31 December 2017 (RMB)
Net profit before taxation (audited)	379,388,170.99	93,300,819.54
Net profit after taxation (audited)	319,397,775.97	104,382,073.04

*Note:* Due to the difference in income tax treatment between the relevant taxation laws in the PRC and the PRC GAAP, there is a temporary difference of the income tax expenses for the current period, hence Xinjiang New Energy's audited net profit after taxation for 2017 is greater than its audited net profit before taxation.

Upon Completion of Capital Injection, the Target Company will continue to be a subsidiary of the Group. The financial results and positions of the Target Company will continue to be consolidated into the financial statements of the Group. There will be no material gain or loss expected to be accounted for in the consolidated income statement of the Company due to the Deemed Disposal. The Target Company will use the proceeds from the Capital Injection for repayment of its existing debts. The leverage ratio of the Target Company will be effectively reduced, and its financial expenses and funding costs will effectively decrease, which are conducive to uplifting the Group's competitiveness and its sustainable development.

Upon Completion of Capital Injection, the Target Company's equity interest will increase by RMB1 billion. It will help improve the financing capacities of the Target Company and the Company, and provide further support for the development and operation of the wind power and photovoltaic projects. For the Target Company, based on the unaudited financial information prepared under the PRC GAAP as at 30 June 2018, it is estimated that the gearing ratio of Xinjiang New Energy will be effectively lowered from 81.30% to 76.73%. As for the Group, based on the unaudited financial information prepared under the International Financial Reporting Standards as at 30 June 2018, it is estimated that the gearing ratio of the Group will decrease from 70.29% to 67.30%. The Capital Injection will bring in more capital to the Group, improve its gearing structure, increase its financing capacity for new projects in the future and mitigate the Group's financial risks.

Following the Completion of Capital Injection, the Target Company will continue to be a subsidiary of the Group and the Group will remain in control of the future development of the Target Company. The exit arrangement under the Share Transfer Agreement provides the Company with an option to buy back the equity interest of the Target Company from the Investor upon the occurrence of a specific circumstance, which was ultimately established for the benefit of the Group. Should the Company exercise the Option to Subscribe for Capital Injection Shares, the Group would be able to flexibly increase its control over the Target Company and provide itself with opportunities to further explore the business development in wind power and photovoltaic projects without sharing potential economic return with other entities.

Given the aforementioned factors, the Directors believe the Capital Injection will have a positive impact on the Group's future prospects and is therefore beneficial to the Group. The Directors are of the view that the terms of the Capital Injection Agreement and the Share Transfer Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

#### **4. LISTING RULES IMPLICATIONS**

##### **Xinjiang New Energy Capital Injection**

Upon Completion of Capital Injection, the Company's equity interest in the Target Company will be diluted from approximately 98.89% to approximately 78.53%. As such, the transaction contemplated under the Xinjiang New Energy Capital Injection Agreement constitutes a Deemed Disposal of the Company under Chapter 14 of the Listing Rules. As one or more applicable percentage ratios calculated in respect of the transaction contemplated under the Xinjiang New Energy Capital Injection Agreement exceed 5% but are less than 25%, the transaction contemplated under the Xinjiang New Energy Capital Injection Agreement constitutes a discloseable transaction of the Company. As such, the Company is subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

##### **Option to Subscribe for Capital Injection Shares**

Pursuant to the Listing Rules, the grant of the Option to Subscribe for Capital Injection Shares to the Company in accordance with the Share Transfer Agreement to buy back the Capital Injection Shares constitutes a transaction under Chapter 14 of the Listing Rules and should be classified by reference to the percentage ratios described in the Listing Rules. Pursuant to the Listing Rules, only the premium will be taken into consideration for the purpose of classifying the transaction as a notifiable transaction. In respect of the grant of the Option to Subscribe for Capital Injection Shares (the exercise of which is at the discretion of the Company), only the premium paid at the time of the grant of option will be taken into consideration for the calculation of the percentage ratios. As the Company does not need to pay any premium for the grant of the Option to Subscribe for Capital Injection Shares, the transaction in relation to the grant of the Option to Subscribe for Capital Injection Shares to the Company does not constitute a notifiable transaction of the Company.

The Company will comply with the applicable Listing Rules upon its exercise of the option.

## 5. GENERAL INFORMATION

### Information on the Target Company

TBEA Xinjiang New Energy Co., Ltd. (特變電工新疆新能源股份有限公司) is a joint stock company incorporated in the PRC with limited liability on 30 August 2000. Its main businesses include the development, design, construction, operation, commissioning and maintenance of wind power and photovoltaic projects.

### Information on the Company

Xinte Energy Co., Ltd. (新特能源股份有限公司) is a joint stock company incorporated in the PRC with limited liability on 20 February 2008. 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. The Company's main businesses include the production of polysilicon and the provision of engineering and construction contracting 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.

### Information on the Investor

ABC Financial Asset Investment Co., Ltd. (農銀金融資產投資有限公司) is a joint stock company incorporated in the PRC under the laws of the PRC with limited liability on 1 August 2017. It is also one of the first bank affiliated entities established with the approval of the China Banking Regulatory Commission, and is principally engaged in market-driven debt-to-equity swap business in the PRC.

## 6. DEFINITIONS

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

“ABC Financial” or “Investor”	ABC Financial Asset Investment Co., Ltd. (農銀金融資產投資有限公司), a joint stock company incorporated in the PRC with limited liability
“Account Supervisory Agreement”	the agreement entered into between ABC Financial, Xinjiang New Energy and the Changji Branch of the Agricultural Bank of China Co., Ltd. which is ancillary to the Capital Injection Agreement, pursuant to which the Target Company will open a designated bank account to hold all the funds received from the Capital Injection to ensure that the funds shall be used to repay, among others, bank loans as permitted by and under the terms and conditions of such agreement

“Board”	the board of Directors
“Capital Injection” or “Xinjiang New Energy Capital Injection”	the capital injection in an aggregate amount of RMB1 billion (equivalent to approximately HK\$1.136 billion) in monetary capital by ABC Financial to Xinjiang New Energy under the terms and conditions of the Xinjiang New Energy Capital Injection Agreement
“Capital Injection Agreement” or “Xinjiang New Energy Capital Injection Agreement”	the agreement entered into among the Company, ABC Financial and Xinjiang New Energy on 24 December 2018 in relation to the Capital Injection into Xinjiang New Energy by ABC Financial, details of which are set out in the section headed “Xinjiang New Energy Capital Injection Agreement” in this announcement
“Capital Injection Shares” or “Capital Injection Equity Interest”	the shares issued pursuant to the Xinjiang New Energy Capital Injection Agreement, representing approximately 20.59% of the enlarged equity interest of Xinjiang New Energy, to be held by ABC Financial upon Completion of Capital Injection
“CECEP”	CECEP Solar Energy Technology Co., Ltd, a joint stock company incorporated in the PRC with limited liability which holds approximately 1.11% equity interest of Xinjiang New Energy as at the date of this announcement
“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 Main Board of the Stock Exchange
“Completion of Capital Injection”	the date on which the Investor pays the Consideration
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the amount payable by the Investor pursuant to the Capital Injection Agreement
“Deemed Disposal”	has the meaning ascribed to it under the Listing Rules through the dilution of the Company’s equity interest in the Target Company as a result of the Capital Injection
“Director(s)”	director(s) of the Company
“Share Transfer Agreement” or “Xinjiang New Energy Share Transfer Agreement”	the agreement entered into between the Company, ABC Financial and Xinjiang New Energy on 24 December 2018, details of which are set out in the section headed “Xinjiang New Energy Share Transfer Agreement” in this announcement

“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Auditor”	ShineWing Certified Public Accountants (Special General Partnership)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option to Subscribe for Capital Injection Shares”	the rights granted to the Company to buy back the Capital Injection Equity Interest from ABC Financial at the exercise price pursuant to and subject to the terms and conditions of the Xinjiang New Energy Share Transfer Agreement under specific circumstances
“Perpetual Bond Option”	the rights granted to the Investor to convert the Capital Injection Shares held by the Investor into perpetual bonds of the Target Company under certain circumstances pursuant to the Xinjiang New Energy Share Transfer Agreement and the terms and conditions thereunder
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of the geographical references in this announcement
“PRC GAAP”	the generally accepted accounting principles in the PRC
“Profit Distributable to Shareholders”	the undistributed profit at the end of a certain financial year of Xinjiang New Energy calculated in accordance with PRC GAAP
“RMB”	Renminbi, the lawful currency of the PRC

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Xinjiang New Energy” or  
“Target Company”

TBEA Xinjiang New Energy Co., Ltd. (特變電工新疆新能源股份有限公司), a joint stock company incorporated in the PRC with limited liability, which is owned as to approximately 98.89% and approximately 1.11% by the Company and CECEP, an independent third party, respectively as at the date of this announcement; Xinjiang New Energy is a subsidiary of the Company

This announcement contains translations between RMB and Hong Kong dollars at RMB0.88 to HK\$1.00. The translation shall not be taken as representation that RMB could actually be converted into Hong Kong dollars at that rate, or at all.

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

Xinjiang, the PRC  
24 December 2018

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