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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 CONNECTED TRANSACTION ENTERING INTO THE POWER STATION COMMISSIONING CONTRACT

Basic Information of Entering into the Power Station Commissioning Contract

The board (the “**Board**”) of directors (the “**Directors**”) of Xinte Energy Co., Ltd. (the “**Company**”) is pleased to announce that as at the date of this announcement, the Company and TBEA Co., Ltd. (特變電工股份有限公司) (“**TBEA**”) entered into the Power Station Commissioning Contract (“**Power Station Commissioning Contract**”), of which the total contract amount was RMB27 million. Pursuant to the Power Station Commissioning Contract, the Company will provide TBEA with the power station commissioning services in respect of: (i) Construction Project of Phase II of 2×150MW No.2 Thermal Power Station in Dushanbe of Tajikistan; (ii) Transformation Project of 2×150MW Thermal Power Plant in Bishkek of Kyrgyzstan; and (iii) Unit No.2 of 2×350MW Thermal Power Plant Project in Changji (the “**Three Projects**”) (the “**Transaction**”). The major terms of the Power Station Commissioning Contract are set out as below:

Date	<ul style="list-style-type: none">17 August 2016
Parties	<ul style="list-style-type: none">Provider of power station commissioning services: the Company and its associates;Receiver of power station commissioning services: TBEA and its associates
Transaction amount	<ul style="list-style-type: none">RMB27 million

Transaction contents	<ul style="list-style-type: none"> • Arranging to conduct adjustment test for each device item by item after completing the construction of power plant and station according to the relevant national rules and regulations and the manufacturer's technical requirements, so as to check whether the installation quality and equipment quality satisfy relevant technical requirements, and conclude whether it is suitable to put into normal operation; • Assisting the commissioning command department in the organization and management in start-up process, and participating in the inspection coordination, handover acceptance and completion acceptance at various phases; • Providing various commissioning and production arrangements, generally including the supply of energy and materials (of which the supply expenses not covered in the contract amount) such as electricity, fuel, water, steam, gas and chemicals (excluding chemicals used to clean boilers); • Participating in the commissioning of individual system and its acceptance check; taking the safety isolation measures of operation equipment and commissioning equipment under the guidance of the provider of power station commissioning services; • In the commissioning of start-up, responsible for equipment management, handling the start-stop operation, operation adjustment and accident treatment after the commissioning of individual equipment under the guidance of the provider of power station commissioning services, and proposing treatment advices or suggestions for various problems discovered in operation.
Payment method	<ul style="list-style-type: none"> • 10% of the total contract amount will be paid after the execution of the contract as initial preparation expense; • 75%–80% of the amount will be paid according to the completion progress under the contract; • The remaining 10%–15% of quality assurance fees will be paid upon the expiration of commissioning and quality assurance period.

Basis of Determination of the Consideration

The contract quotation on the Transaction in the PRC is determined according to the calculation method on commissioning project estimated quota of the Notice of the National Energy Administration on Promulgation of the 2013 Edition of the Provisions on the Calculation of Quota and Cost of Electric Power Construction Projects (國家能源局關於頒佈 2013 版電力建設工程定額和費用計算規定的通知) (Guo Neng Dian Li [2013] No.289) (國能電力 [2013]289 號), and after having considered relevant comprehensive factors, such as selecting type for boilers, turbine capacity and the number of units. The quotation on the overseas projects of the Transaction is based on the quotation for similar projects in the PRC. Meanwhile, taken into consideration the difficulty in managing the overseas projects and the higher labour costs, overseas projects quotation is higher compared to that of PRC.

TBEA and its associates invited public tender for the power station commissioning services for the Three Projects. After carrying out relevant evaluation procedures and considering various factors, including but not limited to the technical experiences, professional qualification, business reputation, project management skills, total consideration amount and other relevant factors of all the tenderers, the Company was selected by TBEA and its associates as the tender winner for the power station commissioning services for the Three Projects.

Reasons for and Benefits of Entering into the Power Station Commissioning Contract

The Company has Grade A qualification in electrical commissioning and rich experience by providing plenty of commissioning businesses to other power plants and the EPC, BT and BOO power plants of other companies. In addition, the Company has conducted business cooperation with TBEA in a long term, and adequately understands the business, operating plans and requirements, quality control and certain special requirements of TBEA and its associates; the prices of products and services offered by the Company to TBEA and its associates are no less favourable than the prices and terms offered to independent third parties, under local market conditions and are conducted in the ordinary and usual course of business of the Company. Thus, the products and services provided by the Company to TBEA and its associates bring the Company with profits, and are fair and reasonable as far as the Company and its shareholders are concerned as a whole.

The Directors (including the opinion from independent non-executive Directors of the Company) are of the view that the transaction under the Power Station Commissioning Contract was duly conducted by way of public tender procedure. The terms of the Power Station Commissioning Contract are concluded by the Company and TBEA and its associates through fair consultation. The Directors (including independent non-executive Directors) of the Company are of the opinion that the terms of the Power Station Commissioning Contract are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole. The Company's non-executive Directors, Mr. Zhang Xin and Ms. Guo Junxiang who hold management positions in TBEA are considered to have material interests in the Power Station Commissioning Contract. Accordingly, they have abstained from voting on the resolutions of Power Station Commissioning Contract considered and approved by the Board. Save as disclosed above, none of Directors of the Company has any material interest in TBEA.

Listing Rules Implications

TBEA directly and indirectly held approximately 60.21% of the issued share capital of the Company as at the date of this announcement and was the controlling shareholder of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), thus it is a connected person of the Company. Accordingly, pursuant to Chapter 14A of the Listing Rules, the transaction between the Company and TBEA constitutes a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the Power Station Commissioning Contract calculated in accordance with Chapter 14A of the Listing Rules are more than 0.1% but less than 5%, the Transaction shall be subject to the annual reporting, annual review and announcement requirements but exempt from the circular and the independent shareholders’ approval requirement as set out in Chapter 14A of the Listing Rules.

Information on the Company

The principal businesses of the Company include polysilicon production and providing engineering and construction contracting services in connection with PV and wind power projects. The Company also manufactures ancillary equipment, principally inverters, PV wafers and PV modules, which the Company use in its engineering and construction contracting business or sell to third parties.

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 amounted to RMB3,245,360,886. TBEA and its close associates (excluding the Company and its subsidiaries) are principally engaged in: (i) the manufacturing and sale of power transformers, reactors, wires, cables and other electrical and mechanical equipment; and (ii) domestic and overseas engineering and construction contracting for power transmission projects, water power and thermal power station projects.

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

Xinjiang, PRC
17 August 2016

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