
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Xinte Energy Co., Ltd., you should at once hand this circular and the accompanying form of proxy and reply slip to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**REPORT OF BOARD OF DIRECTORS FOR THE YEAR 2015
REPORT OF SUPERVISORY BOARD FOR THE YEAR 2015
FINAL FINANCIAL ACCOUNTS FOR THE YEAR 2015
ANNUAL REPORT FOR THE YEAR 2015
PROFIT DISTRIBUTION PLAN AND DECLARATION OF
A FINAL DIVIDEND FOR THE YEAR 2015
RE-APPOINTMENT OF INTERNATIONAL AUDITOR FOR THE YEAR 2016 AND
GRANT OF AUTHORITY TO THE AUDIT COMMITTEE OF
THE BOARD TO DETERMINE THEIR REMUNERATION
DIRECTORS' AND SUPERVISORS' REMUNERATION PLAN FOR THE YEAR 2016
EXCEEDED ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTIONS AND REVISED ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTIONS
GENERAL MANDATE TO ISSUE SHARES
REGISTRATION AND ISSUE OF SHORT TERM FINANCING DEBENTURES OF RMB1 BILLION
REGISTRATION AND ISSUE OF MEDIUM-TERM NOTES OF RMB1 BILLION
PROPOSALS OF AMENDMENTS TO THE ARTICLE OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice covering the annual general meeting (the "AGM") of the Company to be held at the Conference Room of the Conference Center of TBEA Co., Ltd. at No.189, Beijing South Road, Changji, Xinjiang, the PRC on Thursday, 16 June 2016 at 11:00 a.m. is set out in this circular.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the form of proxy should be returned to Computershare Hong Kong Investor Services Limited and for holders of Domestic Shares, the form of proxy should be returned to the Company's Board secretary office not less than 24 hours before the time fixed for holding the AGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or at any other adjourned meeting should you so wish.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the accompanying reply slip to (for holders of H Shares) Computershare Hong Kong Investor Services Limited or to (for holders of Domestic Shares) the Company's Board secretary office on or before Thursday, 26 May 2016.

29 April 2016

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	29
LETTER FROM TC CAPITAL	31
APPENDIX STATUTORY AND GENERAL INFORMATION	44
NOTICE OF ANNUAL GENERAL MEETING	52

DEFINITIONS

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

“AGM”	the annual general meeting for the year 2015 to be held by the Company at the Conference Room of the Conference Center of TBEA Co., Ltd. at No. 189, Beijing South Road, Changji, Xinjiang, the PRC on Thursday, 16 June 2016 at 11:00 a.m.
“Articles” or “Articles of Association”	the articles of association of the Company (as amended, modified or otherwise supplemented from time to time)
“Board of Directors” or “Board”	the board of directors of the Company
“Company” or “our Company” or “we” or “us”	Xinte Energy Co., Ltd. (新特能源股份有限公司), a joint stock limited company incorporated in the PRC and its H Shares are listed on the Hong Kong Stock Exchange
“Director(s)”	director(s) of the Company
“Domestic Shares”	ordinary shares in the Company’s share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Executive Director(s)”	executive director(s) of the Company
“H Shares”	overseas listed foreign shares in the Company’s share capital with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Financial Adviser” or “TC Capital”	means TC Capital International Limited, the independent financial adviser to the independent board committee of the Company and the independent Shareholders and a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Non-executive Director(s)”	independent non-executive director(s) of the Company
“Latest Practicable Date”	28 April 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Non-executive Director(s)”	non-executive director(s) of the Company
“Notice of AGM”	the notice convening the AGM
“PRC” or “China”	the People’s Republic of China
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of Shares
“Shares”	shares in the share capital of the Company, with a nominal value of RMB1.00 each, including Domestic Shares and H Shares
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Board”	the board of Supervisors of the Company
“TBEA Agreement”	The TBEA Products Procurement Framework Agreement entered between our Company and TBEA
“2015 TBEA Approved Cap”	The approved annual caps for the TBEA Products Procurement for the year ended 31 December 2015
“Xinjiang Tebian”	Xinjiang Tebian (Group) Co., Ltd. (新疆特變電工集團有限公司) held 5.53% equity interest in our Company as of the Latest Practicable Date. 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

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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)

Executive Directors:

Mr. Zhang Jianxin (Chairman)
Mr. Ma Xuping
Mr. Yin Bo

Non-executive Directors:

Mr. Wang Jian
Mr. Zhang Xin
Ms. Guo Junxiang

Independent Non-executive Directors:

Mr. Qin Haiyan
Mr. Yang Deren
Mr. Wong, Yui Keung Marcellus

Registered office in the PRC:

No. 2499, Mianguangdong Street
Ganquanpu Economic and
Technological Development Zone
(Industrial Park),
High-tech Industrial Development Zone
(New Downtown),
Urumqi, Xinjiang, PRC

Head office in the PRC:

No. 2499, Mianguangdong Street
Ganquanpu Economic and
Technological Development Zone
(Industrial Park),
High-tech Industrial Development Zone
(New Downtown),
Urumqi, Xinjiang, PRC

Principal place of business in Hong Kong:

18/F, Tesbury Centre,
28 Queen's Road East,
Wanchai, Hong Kong

29 April 2016

To the Shareholders

Dear Sir or Madam,

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LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to give you the Notice of AGM and provide you with relevant information to enable you to make informed decision on whether to vote for or against the resolutions (among others) to be proposed at the meeting for the following issues, to be approved by way of ordinary or special resolutions:

Ordinary Resolutions

1. Report of Board of Directors for the year 2015;
2. Report of Supervisory Board for the year 2015;
3. Final financial accounts for the year 2015;
4. Annual report for the year 2015;
5. Profit distribution plan and declaration of a final dividend for the year 2015;
6. Directors' and Supervisors' remuneration plan for the year 2016;
7. Re-appointment of international auditor for the year 2016 and grant of authority to the audit committee of the Board to determine their remuneration; and
8. Exceeded annual caps for continuing connected transactions and revised annual caps for continuing connected transactions.

Special Resolutions

9. General mandate to issue shares;
10. Registration and issue of short term financing debentures of RMB1 billion;
11. Registration and issue of medium-term notes of RMB1 billion; and
12. Proposals of amendments to the Articles of Association.

1. REPORT OF BOARD OF DIRECTORS FOR THE YEAR 2015

An ordinary resolution will be proposed at the AGM to approve the report of Board of Directors for the year 2015, the full text of which is set out in the Company's annual report dispatched.

2. REPORT OF SUPERVISORY BOARD FOR THE YEAR 2015

An ordinary resolution will be proposed at the AGM to approve the report of Supervisory Board for the year 2015, the full text of which is set out in the Company's annual report dispatched.

LETTER FROM THE BOARD

3. FINAL FINANCIAL ACCOUNTS FOR THE YEAR 2015

An ordinary resolution will be proposed at the AGM to approve the final financial accounts for the year 2015. A summary of the report relating to the Company's 2015 final financial accounts prepared under the International Financial Reporting Standards is as follows:

1. Income and Profit

In 2015, pursuant to the consolidated financial statements, the Company's operating revenue was RMB9,441 million and other income was RMB189 million. Cost of sales amounted to RMB7,837 million, while net finance expenses amounted to RMB262 million. Profit before tax was RMB708 million, of which the net profit attributable to owners of the Company was RMB612 million.

2. Cash flow

In 2015, pursuant to the consolidated financial statements, the Company's net cash flow generated from operating activities was RMB2,898 million, net cash flow used in investing activities was RMB2,974 million and net cash flow generated from financing activities was RMB1,975 million. Cash and cash equivalents net increased by RMB1,899 million.

3. Assets and liabilities

As at 31 December 2015, pursuant to the consolidated financial statements, the Company's total assets amounted to RMB25,229 million, of which current assets amounted to RMB14,301 million, non-current assets amounted to RMB10,928 million. Total liabilities amounted to RMB17,778 million. Equity attributable to owners of the Company amounted to RMB7,405 million.

4. ANNUAL REPORT FOR THE YEAR 2015

The 2015 annual report will be presented at the AGM to be approved by way of ordinary resolution. The 2015 annual report has been dispatched to Shareholders and published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.xtnysolar.com).

5. PROFIT DISTRIBUTION PLAN FOR THE YEAR 2015 AND DECLARATION OF A FINAL DIVIDEND FOR THE YEAR 2015

According to the Articles, an ordinary resolution will be proposed at the AGM to approve the Company's profit distribution plan. The Board proposed the distribution of a final dividend of RMB0.1 per Share (tax inclusive) in cash in an aggregate amount of approximately RMB104,500,516 for the year ended 31 December 2015. Such dividend will be paid to holders of Domestic Shares in Renminbi, to holders of H Shares in Hong Kong dollars and to holders of the H Shares for Southbound Trading in Renminbi. The actual amount of H Share dividend attributable to holders of H Shares (other than H shares for Southbound Trading) to be distributed and paid in Hong Kong dollars is calculated according to the average closing price of Renminbi against Hong Kong dollars as published by the People's Bank of China for the five business days preceding the date of AGM. If the proposed profit distribution plan is approved at the AGM, the final dividend will be paid to Shareholders whose names are registered in the Company's register of members on Tuesday, 28 June 2016. The Company expected to pay the dividend no later than Tuesday, 16 August 2016.

LETTER FROM THE BOARD

In order to determine the holders of Shares who are entitled to receive the above-mentioned final dividend, the register of members of the Company will be closed from Thursday, 23 June 2016 to Tuesday, 28 June 2016, both days inclusive. To be eligible to receive the final dividend for the year ended 31 December 2015 (subject to the approval of the Company's Shareholders), unregistered holders of H Shares of the Company shall lodge share transfer documents with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 22 June 2016.

We hereby recommend Shareholders to authorize the Board to implement the above profit distribution plan, and recommend the Board to further grant its authority to the Company's management for implementing all relevant matters relating to the above profit distribution plan, having obtained the above authority.

Pursuant to the applicable provisions of the Individual Income Tax Law of the People's Republic of China and its implementing rules and the Tax Notice, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax on behalf of individual H Shares shareholders:

- For individual H Shares shareholders who are residents of Hong Kong or the Macau or whose country of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these individual H Shares shareholders in the distribution of the Final Dividend;
- For individual H Shares shareholders whose country of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of these individual H Shares shareholders in the distribution of the final dividend. If relevant individual H Shares shareholders would like to apply for a refund of the excess amount of tax withheld and paid, the Company will handle, on their behalf, the applications for tax preferential treatments under relevant tax treaties according to the Tax Notice. Qualified Shareholders please submit in time a letter of entrustment and all application materials as required under the Tax Notice to the Company's H share registrar, Computershare Hong Kong Investor Services Limited. The Company will then submit the above documents to competent tax authorities and, after their examination and if and when approved, the Company will assist in refunding the excess amount of tax withheld and paid;
- For individual H Shares shareholders whose country of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty on behalf of these individual H Shares shareholders in the distribution of the final dividend; and
- For individual H Shares shareholders whose country of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these individual H Shares shareholders in the distribution of the final dividend.

LETTER FROM THE BOARD

The Company will determine the resident status of the individual H Shares Shareholders based on the registered address as recorded in the register of members of the Company on Tuesday, 28 June 2016 (the “Registered Address”). If the resident status of any individual H Shares Shareholder is not in consistency with that indicated by the Registered Address, such individual H Shares Shareholder shall notify the Company’s H share registrar not later than 4:30 p.m. on Wednesday, 22 June 2016, and provide relevant supporting documents to the Company’s H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. Any individual H Shares Shareholder who fails to provide relevant supporting documents within the time period stated above, may either personally or appoint an agent to attend to the relevant procedures in accordance with the requirements under the tax treaty notice.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H Shares Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H Shares Shareholders or any disputes over the withholding mechanism or arrangements.

6. DIRECTORS’ AND SUPERVISORS’ REMUNERATION PLAN FOR THE YEAR 2016

An ordinary resolution will be proposed at the AGM to approve the remuneration plan for Directors and Supervisors for the year ending 31 December 2016, which is formulated according to the Company’s internal policies as follows:

1. Independent Non-executive Directors will receive their remuneration from the Company. For the year 2016, the Company will pay each Independent Non-executive Director RMB120,000 (before tax, paid on a quarterly basis, the Company being responsible for withholding and paying personal income tax), and approve Independent Non-executive Directors to receive remuneration since they are appointed on 2 June 2015. Travel expenses incurred by Independent Non-executive Directors in attending Board meetings of the Company, general meetings and relevant activities organized by the Board will be borne by the Company;
2. Non-executive Directors without holding offices in the Company will not receive any remuneration from the Company;
3. Executive Directors holding offices in the Company will receive their remuneration from the Company. The remuneration of an Executive Director will be determined based on the senior management position held by such Executive Director, in accordance with rules relating to the management of remuneration of the Company; and
4. Supervisors will receive their remuneration from the Company where they currently hold a position. The remuneration of an employee representative Supervisor of the Company will be determined with reference to the standard of senior management of the Company, in accordance with rules relating to the management of remuneration of the Company.

7. RE-APPOINTMENT OF INTERNATIONAL AUDITOR FOR THE YEAR 2016 AND GRANT OF AUTHORITY TO THE AUDIT COMMITTEE OF THE BOARD TO DETERMINE THEIR REMUNERATION

An ordinary resolution will be proposed at the AGM to approve the re-appointment of PricewaterhouseCoopers as the Company’s international auditor for the year 2016 and the grant of authority to the audit committee of the Board to determine their remuneration.

LETTER FROM THE BOARD

8. EXCEEDED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS AND REVISED ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 24 March 2016 (the “**Announcement**”) in relation to, inter alia, the continuing connected transactions and proposed annual caps during years ending 31 December 2015, 31 December 2016 and 31 December 2017.

Reference is made to the prospectus of Xinte Energy Co., Ltd. dated 17 December 2015 (“**Prospectus**”) in relation to, inter alia, the continuing connected transactions between the Company and TBEA Co., Ltd. (“**TBEA**”) and between the Company and Xinjiang Tebian (Group) Co., Ltd.. The Board of the Company announces that, as of 31 December 2015, each of the transaction amounts under the TBEA Products Procurement Framework Agreement (as defined below) entered into between the Company and TBEA has exceeded its corresponding 2015 annual cap as disclosed in the Prospectus.

Products Procurement Framework Agreement with TBEA

8.1. Background of the Transactions

As disclosed in the Prospectus, the Company entered into a products procurement framework agreement (“**TBEA Products Procurement Framework Agreement**”) with TBEA, being the controlling shareholder of our Company, on 30 October 2015, pursuant to which, TBEA and/or its associates shall provide the Company with transformers (including ancillary equipments), wires, cables and other equipments. The TBEA Products Procurement Framework Agreement is for a term of 3 years commencing on the listing date and is subject to renewal upon mutual consent, and the relevant subsidiaries or associated companies of both parties will enter into separate agreement which will set out the specific terms and conditions (including the pricing and quality standards) according to the normal commercial terms provided in the TBEA Products Procurement Framework Agreement. At the time of the listing of the H Shares of the Company on the Hong Kong Stock Exchange in December 2015, the Hong Kong Stock Exchange has granted the Company a waiver, among others, for TBEA Products Procurement Framework Agreement from strict compliance with the announcement requirement under Rule 14A of the Listing Rules provided that the total value of transactions contemplated thereunder (“**TBEA Products Procurement**”) for each of the three financial years ending 31 December 2015, 2016 and 2017 will not exceed the annual caps set forth below:

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

LETTER FROM THE BOARD

However, on 1 March 2016, during the preparation of related party transaction section of the annual financial statements of the Company for the year ended 31 December 2015, it came to the attention of the Board that the total transaction amounts incurred under the TBEA Products Procurement Framework Agreement may have exceeded the 2015 TBEA Approved Cap. However, at that time the Company had yet been able to confirm the exact numbers of the transaction amounts with its auditor PricewaterhouseCoopers (“PwC”).

Since then the Board started to collect data, and calculated and checked with its auditor PwC on the numbers urgently. As disclosed in the Prospectus, relevant subsidiaries or associated companies of TBEA and the Company will enter into separate agreement which will set out the specific terms and conditions pursuant to the TBEA Products Procurement Framework Agreement. The transaction amount of each of these separate contracts is usually within the range of RMB50,000 to RMB50 million. Given the large number of these separate agreements and the complexity of the Company’s connected transactions, it took some time for the Company to collect, review the relevant information. The Company and its subsidiaries first needed to collect and consolidate data of its connected transactions, including the transaction types (products procurement, coal procurement or miscellaneous services), the transaction amounts and balances. Then the Company reviewed the total unaudited amounts and balances of connected transactions with its auditor PwC and checked any inconsistencies against the confirmation letters provided by the relevant counterparties so as to make sure all numbers are accurate. Before completing such procedures the Company was not able to confirm the transaction amounts.

According to the unaudited internal accounting record of the Company, it was in the end of October 2015 that the actual transaction amount of the TBEA Products Procurement should have been recognized per relevant accounting standard and exceeded the 2015 TBEA Approved Cap by approximately RMB28.84 million, representing approximately 21.36% of the 2015 TBEA Approved Cap. By the end of November 2015, the actual amount had exceeded the 2015 TBEA Approved Cap by approximately RMB124.56 million, representing approximately 92.27% of the 2015 TBEA Approved Cap. By the end of December 2015, the actual amount had exceeded the 2015 TBEA Approved Cap by approximately RMB254.53 million, representing approximately 188.54% of the 2015 TBEA Approved Cap.

Pursuant to Rule 14A.76 of the Listing Rules, as at least one of the applicable percentage ratios of the transaction amount calculated under the Listing Rules exceeds 5%, the Company is subject to the announcement, circular and independent Shareholders’ approval requirements.

The Company also sets out below the actual transaction amounts that should have been recognized per relevant accounting standard in the first nine months and each of the last three months of 2015, which demonstrates that the bulk of the excess portion of the actual transaction amount over the TBEA Approved Cap did not take place until the last month of 2015:

Unit: RMB million

	Until 30 September 2015	October 2015	November 2015	December 2015	Total of 2015
TBEA Products Procurement	<u>113.55</u>	<u>50.29</u>	<u>95.72</u>	<u>129.97</u>	<u>389.53</u>

LETTER FROM THE BOARD

The actual transaction amount and the approved annual cap for the year ended 31 December 2015 are shown as below:

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

8.2. Reasons for Exceeding the Cap

As a group of companies engaging in new energy industry such as photovoltaic and wind power projects, the Group's business operations are highly sensitive towards policy changes, especially in terms of benchmark on-grid tariff. The introduction of new policies would cause significant changes in the business scale of the Group. The Company has strived to keep its flexibility in business so as to promptly react to new policies and maximize the opportunities through helping the customers of the Company to take advantage of such policies. For the Group, the fourth quarter of 2015 witnessed a number of instances combining the foregoing factors, which were the primary reasons why the Group exceeded the 2015 annual cap in respect of the TBEA Products Procurement Framework Agreement.

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

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

According to relevant laws and regulations, once the benchmark on-grid tariff has been determined, it will be adopted and remain unchanged for the whole period of business operation (20 years for photovoltaic power station, 20 years for wind power station). The level of benchmark on-grid tariff is directly related to the operation efficiency and investment payback period of photovoltaic and wind power stations. Therefore, photovoltaic and wind power stations which could

LETTER FROM THE BOARD

start construction before 2016 would be able to adopt higher benchmark on-grid tariffs. Following the proposed change of policy, the Company has started extensive constructions and installations of photovoltaic and wind power stations in late 2015 so as to employ the higher benchmark on-grid tariffs.

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

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

The Company confirmed that its management team failed to timely identify the potential excess of the 2015 TBEA Approved Caps. During the listing process, the Company and the Directors provided a conservative and prudent estimate on the annual caps based on the then available audited financial information. While in reality, there was accelerated construction progress due to change in industry environment. Further, under the circumstances of the unexpected change of market conditions brought by the new tariff policies (as disclosed in the Announcement), the business managers of procurement department and financial department in charge of the TBEA Products Procurement inadvertently omitted to report the transactions relating to the exceeded amounts to the Board and the Supervisors of the Company during the year of 2015 promptly as the transactions occurred. This oversight was not discovered until after the close of the financial year when the Company was in the process of preparing the related party transaction section of the Group's consolidated financial statements for the year ended 31 December 2015.

However, immediately upon the Board's attention to the potential excess, the Company published the Announcement on 24 March 2016 to its best effort in accordance with Rule 14A.35 of the Listing Rules. Given that at least one of the applicable ratios of the transaction amount of the TBEA Products Procurement was expected to exceed 5%, the Company promptly approached and engaged TC Capital International Limited as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in accordance with Rule 14A.36 of the Listing Rules. The Company took a series of remedial steps to ensure the future compliance with Rules 14A.35, 14A.36 and 14.54(1) of the Listing Rules. For further details, please refer to sub-heading "Measures Adopted by the Company for Future Compliance".

LETTER FROM THE BOARD

8.3. Proposed Revised Caps and Basis of the Proposed Revised Caps

In response to the significant increase in the Company's business scale and transaction volume, the Company has proposed that the annual caps for the TBEA Products Procurement Framework Agreement for the year ending 31 December 2016 and the year ending 31 December 2017 to be revised respectively to cope with the business development of the Company. Pursuant to "The Action Plan for Energy Development Strategy (2014–2020)" (《能源發展戰略行動計劃(2014–2020)》), the government will further encourage a larger scale of investment in new energy, and promote new energy industry such as photovoltaic power generation to develop in a healthy and orderly manner. Specifically, the balanced development of new energy in different places will be facilitated, the efficiency of additional subsidies on electricity for renewable energy will be improved, the benchmark on-grid tariff of photovoltaic power generation will be gradually lowered as the development scale rises, and the exceeded amount will be subsidized by the National Renewable Energy Development Fund. Since the Company benefits from the government's favourable policies, it is anticipated that there will be further expansion of the Company's business, and the demand for transformers (including ancillary equipment), wires, cable and other equipment will further increase. Our Company renders Engineering and Construction Contracting ("ECC") services such as comprehensive energy solution in relation to PV and winding power projects to our customer, including engineering design, consultancy, construction and commissioning, thus we would need to procure transformers (including ancillary equipments), wires, cables and other related equipments to support our ECC operations in order to satisfy our customer's need. The revenue generated from ECC increased by 2.9% from RMB4,026 million in 2013 to RMB4,143 million in the corresponding period of 2014 which was primarily attribute to the completed installed capacity from 617.7 MW in 2013 to 822.3 MW in 2014, representing an increase of 33%. The revenue generated from ECC operation increased by 43.8% from RMB4,143.7 million in 2014 to RMB5,958.2 million in the corresponding period of 2015, the increase was primarily attributed to the completed installed capacity from 822.3MW in 2014 to 1,200MW in 2015, representing an increase of 70%. The main reason for the increased of the completed installed capacity is by virtue of the rapid development of the China PV and wind power industries which has lead to an increase in the derived demand in the ECC service, including but not limited to the demand for the survey, design materials and equipment procurement, construction, installation of equipments and commissioning of project. Thus historically our business scale was on the increasing and developing trend, our demand on the transformers (including ancillary equipments), wires, cables and other related equipments would also correspondingly increase.

Regarding the market prospects and the future development, as mentioned by the "Consultation Letter regarding the Development Plan for the Usage of Solar Energy during the 13th Five-Year Plan" and "Consultation Letter regarding the Development Plan of Renewable Energy during the 13th Five-Year Plan" issued by the government, it is expected the China's PV installation capacity and wind power installation capacity will reach approximately 160GW and 250GW respectively, representing an average compound annual growth rate of approximately 30% and 15% respectively, by 2020. Taking into account that our Company has already obtained stable orders and approved reserved projects, we expect we could capture a higher portion of the installed capacity which would be higher than the industry average growth level. The installation capacity of completed PV projects of the Company ranks top one in China with strong competitiveness. According to the national development plan, China's PV industry will remain rapid develop during the period of the 13th Five-Year Plan, and as a leading enterprise in the solar and PV industry, the Company's business scale will continuously expand. Thus our Company expects that our installed capacity will increase from 1,400MW in 2015 to 1,820MW in 2016, representing an increase of 30% and increase from 1,820MW in 2016 to 2,180MW in 2017, representing an increase of 20%. Since there is a positive nexus between the installed capacity to support ECC operations of the Company and the demand of transformers (including ancillary equipments), wires, cables and other related equipments, an increase in the

LETTER FROM THE BOARD

total installed capacity would also lead to the similar increase in the demand for the transformers (including ancillary equipments), wires, cables and other related equipments. Our Company believes that the abovementioned estimation on the increasing trend of our procurement of transformers (including ancillary equipments), wires, cables and other related equipments is fair and reasonable which has reflected the overall development trend of the industry and the ability of our Company to seize the increasing portion of the installed capacity which would eventually lead to an increase in derived demand of the transformers (including ancillary equipments), wires, cables and other related equipments. Meanwhile, in the tendering process of the Company, TBEA has comparative advantages in the areas of product price, product quality, product delivery time and payment terms, hence resulting in higher percentage of winning bids and a higher volume of connected transactions as compared with previous years.

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

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

The Company has been closely monitoring the continuing connected transactions with TBEA regarding the TBEA Product Procurement. As at the Latest Practicable Date, the actual transaction amount for the TBEA Product Procurement with TBEA for 2016 has not exceeded the annual cap. The Company will intensify its effort in monitoring its transaction amounts with TBEA in respect of its continuing connected transactions from 1 January 2016 to the date of AGM to ensure the actual transaction amount would not exceed the approved annual cap for 2016 on the date of AGM. For details of the monitoring measures, please refer to the sub-heading "Measures Adopted by the Company for Future Compliance".

<i>Unit: RMB</i>	Historical amounts for the past three years ended 31 December			Original annual caps for the years ended/ending 31 December			Proposed revised annual caps for the years ending 31 December	
	2013	2014	2015	2015	2016	2017	2016	2017
Amount for TBEA Products Procurement payable by us to TBEA and/or its associates	212,800,000	127,270,000	389,533,636	135,000,000	140,000,000	145,000,000	500,000,000	600,000,000

8.4. Reasons for the Transactions

According to our past cooperation experiences with TBEA, the products provided by TBEA in power transmission industry enjoy leading positions in the market and are of excellent quality. In recent years, the Company has used more and more TBEA's products such as transformers, wires and cables for the construction of the Company's photovoltaic and wind power stations. The products provided by TBEA are crucial to the quality of our photovoltaic and wind power stations construction as well as our long term stability of operation. Our Company will adopt the bidding procedure to procure the transformers (including ancillary equipments), wires, cables and other equipments

LETTER FROM THE BOARD

(the “**Products**”). By inviting tenders to participate the bidding process, we will be able to gather information regarding the pricing level and pricing range of the Products offered by the suppliers. For further details of the bidding procedures and market price comparison procedures, please refer to the sub-heading “Pricing Standard” below. Nevertheless, we also from time to time received specific request from our customers for designated suppliers to procure the Products (the “**Specific Requests**”). In this regards, all Specific Requests were made to procure from independent suppliers according to their specific needs to unique models based on the available market equilibrium price and hence no tendering process is required. All procurement made by Special Request will not be made from connected persons. Thus all procurement from connected persons would go through the bidding process. The Specific Requests accounted for approximately 10% of our total procurement of Products. With high-quality equipment and competitive prices, TBEA and/or its associates participated in some of the biddings and won. The Directors are of the view that the TBEA Products Procurement Framework Agreement and the transactions contemplated thereunder are beneficial to and cost-effective for our operation and development, and therefore is in the interest of the Company and the Shareholders as a whole.

8.5. Pricing Standard

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

Bidding Procedures

The following is the procurement procedures adopted by our Company.

- Our business departments and subsidiaries of the Group will base on their business needs to make request to our Procurement Department (the “**Procurement Requests**”).
- Once our Procurement Department received Procurement Request from our business departments and subsidiaries of the Group, our Procurement Department will send invitation for bids to invite tenders from suppliers from the qualified suppliers list (the “**Qualified Supplier**”) according to the Procurement Requests. For further details of our evaluation criteria of the Qualified Supplier, please refer to the sub-heading “Evaluation of Qualified Supplier”.
- According to the Company’s internal procurement procedure requirements, it will invite for no less than 5 suppliers to participate in the bidding. The Company will not commence the evaluation process unless 3 tenders are available for evaluation.
- Once all the tenders are received from bidders, our Bidding Evaluation Committee from the Bidding Management Department, comprised of representatives from the Procurement Department (including procurement and supply chain management departments), supervisory departments (including Finance Department, Legal Department and Audit Department) Engineering Department, Technology Department and Bidding Management Department, other senior management members (including deputy general manager, chief accountant and general manager saved as those management who is connected person or close associate of connected person) and representatives from departments who made the original Procurement Requests, will consider factors, such as the product features, quality requirements, etc., to consider which tenders would be most suitable for the business needs

LETTER FROM THE BOARD

and satisfy our bidding requirements. Based on the aforementioned factors, the Bidding Evaluation Committee which solely focuses on bidding evaluation will rate the tenders and make the final decision to accept the bid. For further details of the evaluation procedure, please refer to the below sub-heading “Evaluation Factors and Procedure”.

- Once the tender has been chosen, the Procurement Department will contact the bidder and negotiate about the miscellaneous terms of the agreement. However, the terms of the price and the quality of products would not be further negotiated and the final contract will stick to the original tender terms. Once the terms have been finalized, our Company will sign the contract with the supplier and will arrange delivery for the products. The whole procedure would normally last for 5 to 7 days.

Evaluation of Qualified Supplier

In order to determine Qualified Suppliers, our Qualified Supplier Evaluation Committee from the Procurement Department will periodically evaluate suppliers from the qualified suppliers list. Our Procurement Department is in charge of locating Qualified Suppliers which could satisfy the Company’s requirements and collecting market information from Qualified Suppliers including price trend of raw materials of the relevant products to conduct industry research. New Suppliers could also take initiative to apply for the status of Qualified Supplier (the “**Application**”) by adding their company to the qualified supplier list in order to be considered for bidding. Upon receiving such Application, the Procurement Department will send a request list to gather background information from the applicant. Suppliers shall submit application on Information Platform in accordance with Supplier Management Practice, including the specification of the products offered by the new applicant and the price range.

Relevant suppliers evaluation departments, including Procurement Department, Department of Safety and Quality, Engineering Management Department, Engineering Supervision Department, Bidding Management Department and Technology Department, will consider the Application by evaluating technology level and specification and will also arrange on-site visit to conduct further due diligence, and suppliers which satisfy the requirements will be added to our qualified suppliers list. We will invite no less than 5 Qualified Suppliers from the qualified supplier list to participate in the bidding. The company will consider the following factors when selecting which five of all qualified suppliers to participate the bidding, inter alia, whether such Qualified Supplier could meet specification requirement of the procurement order, the transportation cost and time by considering the geographical location of such supplier, and the production capacity of such to determine whether it could meet the procurement volume on time in order to avoid risk of delays.

At the end of each year, the Company will evaluate original Qualified Suppliers and new suppliers from the qualified suppliers list which has won the tender during the bidding process. Our Qualified Supplier Evaluation Committee will ensure all of the qualified Suppliers and suppliers from qualified supplier list possessed the necessary bidding qualifications.

Evaluation Factors and Procedure

In order to evaluate the best tender which could satisfy to our business needs, our Bidding Evaluation Committee will evaluate our tenders based on our internal guidelines and weighting for the bidding evaluation. We will consider the bidding price in order to maintain effective cost control. If the bidding prices made by different suppliers are within the similar range, we will also consider other factors including quality of the products, the background of the supplier, the warranty terms and period, the products return rate, punctuality of the delivery and the payment terms. Please see below for our internal guidelines and weighting for the bidding evaluation.

LETTER FROM THE BOARD

Factors	Weight	Evaluation standard and procedures
Price	70%	<ul style="list-style-type: none">• The Company set the pricing benchmark for evaluation;• The benchmark is determined by taking 10% discount off of the average price of at least the 3 tenders;• Should the tender price is set above the benchmark price for 2%, the tender would be deducted for 4 points;• Should the tender price is set above the benchmark price for 1%, the tender would be deducted for 2 points;• Should the tender price is set above the benchmark price for 30%, the tender would be disqualified; and• Should the tender price is set below the benchmark price for 30%, the evaluation committee would also consider the estimated cost of the Products and the below mentioned factors to consider whether the price offered by the bidder is reasonable.
Technology level	10%	<ul style="list-style-type: none">• Whether the products specifications and the main components could satisfy the technique requirements; and• Whether the main components of the products are produced by famous brands with good quality;
Safety and quality	10%	<ul style="list-style-type: none">• Whether the bidder has obtained the necessary quality certificate;• Whether the bidder provided defective products to our Company previously and the product return rate of the Company; and• Whether the supplier could timely spot and address issues and problems as raised by the Company.
Business	10%	<ul style="list-style-type: none">• Whether the tender could satisfy the delivery requirements;• The historical record regarding the delay in delivery; and• The payment terms offered by the bidder.

LETTER FROM THE BOARD

During the bidding process, at least 3 tenders offered by bidders would be evaluated to avoid the situation that only the tender offered by connected person would be considered for the bid. Our Group will treat our connected persons and independent suppliers equally. Thus, on the condition that the relevant technical and quality requirements are satisfied, if we can obtain more preferential terms from independent suppliers, for instance better payment terms, we will not procure the products from our connected persons. Therefore the Company would ensure that at least 2 independent suppliers would participate in the bidding process to ensure the price offered by the bidder will be on normal commercial terms and the transactions entered will be in the ordinary course of business.

8.6. Listing Rules Implications

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

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

The Company has established an independent board committee ("Independent Board Committee"), comprising all the independent non-executive Directors, to advise the independent Shareholders on, among other things, whether (i) the TBEA Products Procurement for the year ended 31 December 2015 are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole; (ii) the ratification of the TBEA Products Procurement for the year ended 31 December 2015 is in the interests of the Company and Shareholders as a whole; and (iii) the proposed revised annual caps have been determined on a fair and reasonable basis, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser.

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

In this connection, the Company has appointed TC Capital International Limited as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in relation to TBEA Products Procurement Framework Agreement and the proposed revised annual caps.

8.7. Confirmation of the Board

The Board of the Company has convened a physical meeting, among other things, to ratify the actual transactions exceeding the 2015 annual caps under the TBEA Products Procurement Framework Agreement, and approve the proposed revised caps thereof.

LETTER FROM THE BOARD

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

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

8.8. Measures Adopted by the Company for Future Compliance

The Company existing internal control policies consists of the following rules and principles:

a) Articles of Associations

Clauses 105 and 144 of the Articles provided that the Shareholders' meeting and the Board shall review and approve the Company's connected transactions in accordance with the Listing Rules. Clause 148 of the Articles provided that the Board shall establish stringent examination and decision making procedure for the connected transactions.

b) Management Rules on Connected Transaction of Xinte Energy Co., Ltd.

In preparation for the Company's listing on the Main Board of Stock Exchange, the Board proposed and the Shareholders approved the Management Rules on Connected Transaction of Xinte Energy Co., Ltd. (the "**Rules**") on the Company's third extraordinary general meeting on 2 June 2015 to identify, record and monitor the Company's connected transactions (including continuing connected transactions). The Company's then internal control advisor, PricewaterhouseCoopers Business Consulting (Shanghai) Co Limited Beijing Branch had also reviewed the Rules and confirmed that the Rules are sufficient enough to manage the Company's internal control in connection with the Company's connected transactions. The designing of the existing related-party transaction policy is effective.

In particular, Chapter II of the Rules defined the scope of connected persons and connected transactions of the Company in accordance with Chapter 14A of the Listing Rules and the relevant requirements of Shanghai Stock Exchange (as TBEA is an A share listed company on Shanghai Stock Exchange). Chapter III of the Rules set out the detailed authorisation criteria and process for reviewing and approving connected transactions by the Board and the shareholders' meeting of the Company, and provided that such review and approval shall comply with the applicable rules and regulations, including the Listing Rules, and the Company's articles of associations. Chapter VIII of the Rules provided that the independent Directors and Supervisors of the Company shall monitor and supervise the connected transactions.

c) Consultation with compliance advisor

The Company consults with the compliance adviser from time to time for guidance and advice on compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines and circumstances as set out in Rule 3A.23 of the Listing Rules.

LETTER FROM THE BOARD

d) Reporting system in practice

In practice, the Board requires the officers in charge of connected transactions, including the business managers of Procurement Department and head of Financial Department, to report to the Board and Supervisors any significant connected transactions that may trigger the Board's review under the Listing Rules as such officers deem appropriate.

However, due to an oversight, the business managers in charge of the TBEA Products Procurement inadvertently omitted to report the transactions relating to the exceeded amounts to the Board and the Supervisors of the Company during the year of 2015 promptly. This oversight was not discovered until after the close of the financial year when the Company was in the process of preparing the related party transaction section of the Group's consolidated financial statements for the year ended 31 December 2015. As mentioned in the Announcement, the 2015 TBEA Approved Cap was exceeded mainly due to the unexpected adjustment of benchmark on-grid tariffs proposed by the National Development and Reform Commission in late 2015 and the subsequent panic purchase of construction equipment as a result of the rush for installation and construction of photovoltaic and wind power stations and related EPC services in the market;

Therefore, the Directors consider that the exceeding of the 2015 TBEA Approved Cap was an isolated event and the Company has taken remedial steps to tighten its compliance system in order to prevent the recurrence of similar incidences in the future.

Immediately upon the Board's attention of the exceeded 2015 TBEA Approved Cap, the Company consulted with its compliance advisor and its HK legal advisor on the exceed. The Board also started to collect/exchange data, calculated and checked with its auditor on the purchase costs and revenue recognized under the TBEA Products Procurement Framework Agreement on an urgent basis.

In the meanwhile, the Board reflected on the effectiveness and efficiency of the implementation of its internal control policies. In order to prevent the recurrence of similar incidences and to ensure continuous compliance with the Listing Rules, the Board has taken various remedial steps in response to the exceed, including:

- 1) The Board drafted and issued the Implementation Policies on the Management of Connected Transactions and Connected Fund Transfer (the "**Policies**") in early March of 2016, which supplements and details the management process of the Company's connected transactions. In particular:
 - the relevant business departments of the Company (including Procurement Department, Bidding Department and Strategic Operation Department, etc.) shall create and update accounts for the Company's continuing connected transactions and report on a weekly basis to the secretary of the Board in respect of the execution and performance status of such continuing connected transactions;
 - all the contracts of connected transactions cannot be executed without review and approval of the secretary of the Board; the secretary of the Board will then inform the Board of any important information thereof;
 - the performance, especially the payment of connected transactions shall strictly comply with the Rules and the Policies;

LETTER FROM THE BOARD

- the audit committee of the Company are also responsible for the information gathering on and monitoring of connected transactions, and conducting evaluation on the fairness of the transaction terms and the pricing terms; it would discuss with our subsidiaries and business departments to determine the annual caps and performance of the Company's connected transactions; it shall also report to the secretary of the Board and the supervisors of the Company on the Group's continuing connected transactions on a monthly basis. If based on the monitoring report it is anticipated that there is a need to revise the annual caps, the Company will comply with the relevant requirements under Listing Rules to issue an announcement, report to the Independent Board Committee and/or seek for independent Shareholders' approval after the Board's review and approval (as the case may be); and
 - the Company will punish the responsible person who breaches the Rules, the Policies and relevant requirements regarding connected transactions.
- 2) The secretary of the Board provided training on the rules, regulations and relevant requirements to the Company's management team on 3 March 2016, including the chairman of the Board, the general manager, certain Directors, supervisors of the Company, chief officers, the middle-level management team of Finance Department, Operation Management Department, Auditing and Legal Department, Bidding Department and other relevant departments. During the training special emphasis was put on the review process and key control points of connected transactions.
 - 3) In relation to the 2015 TBEA Approved Cap, the Company promptly approached and engaged TC Capital International Limited as the Independent Financial Adviser on 24 March 2016 to advise the Independent Board Committee and the independent Shareholders in relation to TBEA Products Procurement Framework Agreement and the proposed revised annual caps.
 - 4) The Board convened a meeting on 24 March 2016 to ratify and approve, among other things, the exceeded 2015 TBEA Approved Cap.

The Company provided an all-around training on 22 April 2016 to officers and employees of the Company and its subsidiaries, including business managers, middle-level managers and officers, on the rules, regulations and the internal control system relating to connected transactions, so as to strengthen their awareness of the compliance requirements and enhance the supervision over continuing connected transactions and implementation of the internal control policy.

To ensure the Company's conformity with Chapter 14A of the Listing Rules from time to time, the Company has adopted a series of internal control policies for its daily operation. Such internal control policies would be conducted and supervised by relevant departments, Directors, Supervisors, the relevant business departments, the secretary of the Board and the audit committee of the Company:

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

LETTER FROM THE BOARD

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

The Company will endeavor to carry out adequate supervision over the amount of the continuing connected transactions against the relevant annual caps in the future, with a view to ensuring necessary measures and appropriate actions for the compliance with the applicable requirements under the Listing Rules will be promptly taken. To further safeguard the compliance, the Board will also provide regular trainings to responsible personnel on continuing connected transactions. If the cumulative transaction amount of each continuing connected transaction would reach 80% of its respective annual cap at any point of the year, the management team then will seek advice from the audit committee of the Company and the Board and supervisors of the Company to consider the next steps, including the need to inform the Stock Exchange, to publish any Announcement and to seek independent Shareholders' approval for an increase in annual caps, if applicable.

8.9. General Information

Information relating to the Company

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

LETTER FROM THE BOARD

Information relating to TBEA

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

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

9. GRANTING OF GENERAL MANDATE TO ISSUE SHARES

To ensure flexibility and discretion of the Board to issue new Shares, the Company proposed to grant the new general mandate to the Board by way of a special resolution to be passed by the Shareholders at the AGM to allot, issue or deal with additional Domestic Shares and H Shares not exceeding 20% of the total number of the Domestic Shares and/or H Shares of the Company respectively in issue on the date of passing such resolution. As at the Latest Practicable Date, the issued share capital of the Company comprised 731,529,532 Domestic Shares and 313,475,630 H Shares. Subject to the passing of the resolution related to the granting of the general mandate and assuming that no further Shares will be issued before the AGM, the Company will be allowed to issue a maximum of 146,305,906 Domestic Shares and 62,695,126 H Shares in accordance with the general mandate. The general mandate shall be effective from the time when the resolution is passed until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or other applicable laws to be held; or (iii) the date of revocation or variation of the authority given under the above-mentioned resolution by a special resolution of the Company at a general meeting. Any exercise of the power by the Board under the general mandate shall comply with relevant requirements of the Listing Rules, the Articles and relevant laws and regulations of the PRC. The Board has no plan to issue new Shares pursuant to the general mandate at present.

LETTER FROM THE BOARD

10. REGISTRATION AND ISSUE OF SHORT TERM FINANCING DEBENTURES OF RMB1 BILLION

In order to guarantee the capital requirement of production and operation, and strategy development, form a diverse financing sources, further reduce the finance cost and optimize the structure of liabilities, the Company intended to apply for the registration and issue of RMB1 billion short term financing debentures.

Pursuant to requirements, the registration of the short term financing debentures have two years of validity, and the Company intended to issue by way of one registration and split issue.

- (1) Issue size: size of short term financing debentures will not exceed an amount of RMB1 billion.
- (2) Interest rate: the interest rate will be determined with reference to the market conditions.
- (3) Target subscribers: institutional investors in the inter-bank bond market of the PRC.
- (4) Lead underwriters: domestic commercial banks.
- (5) Use of proceeds: including repayment of loan(s) and replenishment of working capital.
- (6) Effective period of the resolution: after being considered and approved at the general meeting of the Company, the issue of the short term financing debentures will continue to be effective during the validity of the registration of such short term financing debentures.

It is also proposed at the AGM to authorise the Board to exercise all powers to handle matters relating to the issue of the short term financing debentures including but not limited to:

- (1) authorize the Board, after being approved by the competent authorities, according to the market condition, interest rate change and the capital requirement of the Company, issue by one-off or tranches, part or whole of an aggregate amount of not more than RMB1 billion short term financing debentures during the effective period in the PRC and make disclosure of information as required.
- (2) authorize the Board to handle and decide relevant matters relating to the issuance of such bonds, according to the capital requirement, determine the lead underwriters, specific timing of each tranche, issue amount, tranches, interest rates, and authorize the Chairman to sign the necessary documents and complete necessary formalities, etc..
- (3) authorize the Board to make adjustment to the relevants matters relating to the specific proposals of this issue according to the advices from regulatory authorities when there occur changes in the regulatory policies or market conditions, except those matters required to be re-voted at the general meeting of the Company under relevent laws, regulations and Articles of Associations.

LETTER FROM THE BOARD

11. REGISTRATION AND ISSUE OF MEDIUM-TERM NOTES OF RMB1 BILLION

In order to guarantee the capital requirement of production and operation and strategy development, form a diverse financing sources, further reduce the finance cost and optimize the structure of liabilities, the Company intended to apply for the registration and issue of RMB1 billion medium-term notes. Details of the proposed issuance are set out as follows:

- (1) Issue scale: size of medium-term notes will not exceed an amount of RMB1 billion.
- (2) Issue term: the issue term of the medium-term notes will be determined with reference to the market conditions.
- (3) Interest rate: the interest rate will be determined with reference to the market conditions.
- (4) Target subscribers: institutional investors in the national inter-bank debenture market.
- (5) Lead underwriters: domestic commercial banks.
- (6) Use of proceeds: including repayment of bank loan(s) and replenishment of working capital.
- (7) Effective period of the resolution: after being considered and approved at the AGM of the Company, the issue of the medium-term notes will continue to be effective during the validity of the registration of such medium-term notes.

It is also proposed at the AGM to authorise the Board to exercise all powers to handle matters relating to the issue of the medium-term notes, including but not limited to:

- (1) authorize the Board, after being approved by the competent authorities, according to the Company's requirements and market conditions, issue an aggregate amount of not more than RMB1 billion medium-term notes and during the effective period, issue by one-off or tranches, part or whole under the market condition, change of interest rate and capital requirement of the Company during the effective period in the PRC and make disclosure of information as required.
- (2) authorize the Board to handle and decide relevant matters relating to the issuance of such bonds, including but not limited to determine the specific lead underwriters, timing of each tranche, issue amount, tranches, interest rates, and authorize the Chairman to sign the necessary documents and complete necessary formalities, etc..
- (3) authorize the Board to make adjustment to the relevants matters relating to the specific proposals of this issue according to the advices from regulatory authorities when there occur changes in the regulatory policies or market conditions, except those matters required to be re-voted at the general meeting of the Company under relevent laws, regulations and Articles of Associations.

LETTER FROM THE BOARD

12. PROPOSAL OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION

A special resolution will be proposed at the AGM to approve the proposed amendments to the Articles of Association. The Company proposed to amend the Articles of Association of the Company according to the Company's actual situation. Details of the proposed amendments are set out below:

Original of Article 20 of the Articles of Association:

China Securities Regulatory Commission approves that the first public issue of Overseas-listed Foreign-invested Shares by the Company to foreign investors shall not exceed 432,594,692 shares, of which, 146,198,830 Overseas-listed Foreign-invested Shares are transformed from unlisted foreign shares.

The capital structure of the Company is as follows:

No.	Name	Number of Shares	Percentage of Shareholding	Class
1	TBEA Co., Ltd.	628,926,449	60.18%	Domestic Shares
2	Xinjiang Tebian (Group) Co., Ltd.	57,826,308	5.53%	Domestic Shares
3	Xinjiang Honglian Venture Capital Co., Ltd.	25,616,800	2.45%	Domestic Shares
4	Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.	2,896,800	0.28%	Domestic Shares
5	Liu Bingcheng	1,194,732	0.11%	Domestic Shares
6	Jia Boyun	448,560	0.04%	Domestic Shares
7	GF Energy Investment Limited	29,239,766	2.80%	H shares transformed from unlisted foreign shares
8	L.R. Capital China Growth I Company Limited	73,099,415	7.00%	H shares transformed from unlisted foreign shares
9	China International Capital Limited	43,859,649	4.20%	H shares transformed from unlisted foreign shares
10	Jinglong Technology Holdings Limited	14,619,883	1.40%	Domestic Shares
11	H shares issued under Global Offering	167,276,800	16.01%	H shares issued under Global Offering
	Total	1,045,005,162	100%	

Article 20 of the Articles of Association is proposed to be amended as:

China Securities Regulatory Commission approves that the first public issue of Overseas-Listed

LETTER FROM THE BOARD

Foreign-Invested Shares by the Company to foreign investors is 167,276,800 shares, of which, 146,198,830 Overseas-Listed Foreign-Invested Shares are transformed from unlisted foreign shares.

Total share capital of the Company is 1,045,005,162 Shares and the capital structure is as follows:

No	Name	Number of Shares	Proportion of shares	Categories
1	TBEA Co., Ltd.	628,926,449	60.18%	Domestic Shares
2	Xinjiang Tebian (Group) Co., Ltd.	57,826,308	5.53%	Domestic Shares
3	Xinjiang Honglian Venture Capital Co., Ltd.	25,616,800	2.45%	Domestic Shares
4	Xinjiang Far Excellence Enterprise Management Consulting Co., Ltd.	2,896,800	0.28%	Domestic Shares
5	Liu Bingcheng	1,194,732	0.11%	Domestic Shares
6	Jia Boyun	448,560	0.04%	Domestic Shares
7	GF Energy Investment Limited	29,239,766	2.80%	H Shares transformed from unlisted foreign shares
8	L.R. Capital China Growth I Company Limited	73,099,415	7.00%	H Shares transformed from unlisted foreign shares
9	China International Capital Limited	43,859,649	4.20%	H Shares transformed from unlisted foreign shares
10	Jinglong Technology Holdings Limited	14,619,883	1.40%	Domestic Shares
11	H Shares issued under Global Offering	167,276,800	16.01%	H Shares issued under Global Offering
Total		1,045,005,162	100%	

Original Article 148(I) of the Articles of Association:

- (I) investment (including equity interest investment to other company, enterprise and other legal person, but excluding establishment of branch company)
- (1) an individual investment amount reaching to or exceeding 5% of the latest audited net assets of the Company shall be subject to the consideration and approval of the general meeting of the Company;
 - (2) an individual investment amount less than 5% of the latest audited net assets of the Company shall be subject to the consideration and approval of the Board of the Company.

LETTER FROM THE BOARD

Article 148(I) of the Articles of Association is proposed to be amended as:

- (I) investment (including equity interest investment to other company, enterprise and other legal person, but excluding establishment branch company)
 - (1) an individual investment amount reaching to or exceeding 10% of the latest audited net assets of the Company shall be subject to the consideration and approval of the general meeting of the Company;
 - (2) an individual investment amount less than 10% of the latest audited net assets of the Company shall be subject to the consideration and approval of the Board of the Company;
 - (3) for the individual investment amount which is not amounted to 2% of the latest audited net asset of the Company, it will be considered and decided by the chairman, general manager and other senior management of the Company.

Original Article 152 of the Articles of Association:

The Board shall hold at least four regular meetings every year, which shall be convened by the chairman, with the notice of meeting sent in writing to all the directors and supervisors ten days in advance.

The writing notice referred in this Article shall include served by hand, post, facsimile and email etc.

Article 152 of the Articles of Association is proposed to be amended as:

The Board shall hold at least four regular meetings every year, which shall be convened by the chairman, with the notice of meeting sent in writing to all the directors and supervisors fourteen days in advance.

The writing notice referred in this Article shall include served by hand, post, facsimile and email etc.

AGM

The Company will convene the AGM at 11:00 a.m. on Thursday, 16 June 2016 at the Conference Room of the Conference Center of TBEA Co., Ltd. at No.189, Beijing South Road, Changji, Xinjiang, the PRC. Notice of AGM is set out in this circular.

In order to determine the holders of Shares who are eligible to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 17 May 2016 to Thursday, 16 June 2016, both days inclusive. To be eligible to attend and vote at the AGM, unregistered holders of H Shares of the Company shall lodge relevant share transfer documents with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 16 May 2016.

Shareholders who intend to appoint a proxy to attend the AGM shall complete and return the accompanying form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the form of proxy should be returned to Computershare Hong Kong Investor Services Limited and for holders of Domestic Shares, the form of proxy should be returned to the Company's Board secretary office in person or by post not less than 24 hours before the time fixed for holding the AGM or any adjourned meeting thereof.

LETTER FROM THE BOARD

Shareholders who intend to attend the AGM in person or by proxy shall complete and return the accompanying AGM reply slip to the Company's Board secretary office by hand or by post (for holders of Domestic Shares); or return the AGM reply slip to the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by hand or by post (for holders of H Shares) on or before Thursday, 26 May 2016.

VOTING BY POLL AT AGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of shareholders of a listed issuer at the issuer's general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Chairman of the AGM will therefore demand a poll for every resolution put to the vote at the AGM pursuant to Articles of the Association.

On a poll, every Shareholder present in person or by proxy (or being a corporation by its duly authorized representative) shall have one vote for each Share registered in his/her/its name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/its uses in the same manner.

RECOMMENDATION

The Board considers that all resolutions set out in the Notice of AGM for Shareholders' consideration and approval are in the best interests of the Company and its Shareholders. As such, the Board recommends the Shareholders to vote in favour of the said resolutions set out in the Notice of AGM which are to be proposed at the AGM.

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

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)

29 April 2016

To the Independent Shareholders

Dear Sirs or Madams,

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

We refer to the circular to all shareholders (the “Circular”) dated 29 April 2016 of the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise specified.

We have been appointed by the Board as members of the Independent Board Committee, in light of the position of Independent Shareholders of the Company and in the interests of the Company and Shareholders as a whole, we have provided advices to Independent Shareholders in respect of (i) whether the continuing connected transactions contemplated under the TBEA Products Procurement Framework Agreement are fair and reasonable during the year ended 31 December 2015, and entered into on normal commercial terms in the ordinary and usual course of business of the Group and in the interest of the Company and Shareholders as a whole; (ii) ratifying whether the continuing connected transactions for the year ended 31 December 2015 are in the interests of the Company and Shareholders as a whole; and (iii) whether the terms of the TBEA Products Procurement Framework Agreement, inter alia, the proposed amendment of the annual caps for the year ending 31 December 2016 and 31 December 2017 have been determined based on fair and reasonable basis and entered into on normal commercial term and in the ordinary and usual course of business of the Company and in the interest of the Company and Shareholders as a whole. TC Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders of the Company on the same. Your attention is drawn to the Letter from TC Capital set out in the Circular.

Having considered the information set out in the Letter from the Board as well as the major factors, reasons, the recommendation of the Independent Financial Adviser stated in the Letter from TC Capital, we are of the view that (i) the continuing connected transactions contemplated under the TBEA Products Procurement Framework Agreement are fair and reasonable during the year ended 31 December 2015, and entered into on normal commercial terms in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole; (ii) the continuing connected transactions for the year ended 31 December 2015 are in the interests of the Company and Shareholders as a whole; and (iii) ratifying the terms of the TBEA Products Procurement Framework Agreement, inter alia, the proposed amendment to the annual caps for the year 31 December 2016 and 31 December 2017 are determined on a fair and reasonable basis and entered into on normal commercial term and in the ordinary and usual course of business of the Company and in the interest of the Company and Shareholders as a whole. Our view related to fairness and reasonableness is necessarily based on information, facts and circumstances currently available.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we advise the Independent Shareholders to vote in favor of ordinary resolutions to be proposed at the AGM to ratify the continuing connected transactions contemplated for the year ended 31 December 2015 under the TBEA Products Procurement Framework Agreement as well as the proposed amendment to the annual caps for the year ending 31 December 2016 and 31 December 2017.

Independent Board Committee

Independent non-executive Directors

Mr. Qin Haiyan, Mr. Yang Deren and Mr. Wong Yui Keung, Marcellus



29 April 2016

*The Independent Board Committee and the Independent Shareholders of
Xinte Energy Co., Ltd.*

Dear Sirs,

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

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the independent board committee of the Company (the “**Independent Board Committee**”) and the independent shareholders of the Company (the “**Independent Shareholders**”) in respect of the TBEA Products Procurement Framework Agreement in relation to the continuing connected transactions for the year ended 31 December 2015 and for the two years ending 31 December 2017 (the “**Continuing Connected Transactions**”) and the proposed revised annual caps for the two years ending 31 December 2016 and 2017, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular dated 29 April 2016 (the “**Circular**”) issued by the Company to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the prospectus of the Company dated 17 December 2015 (the “**Prospectus**”), among other matters, the continuing connected transactions for a term of three years (subject to other conditions) from 30 October 2015, in relation to purchasing transformers (including ancillary equipments), wires, cables and other equipments (the “**Equipments**”) from TBEA Co., Ltd. (“**TBEA**”) and/or its associates. At the time of the listing of the H shares of the Company (the “**Shares**”) on the Stock Exchange in December 2015, the Stock Exchange had granted the Company a waiver, among others, for TBEA Products Procurement Framework Agreement from strict compliance with the announcement, circular and Independent Shareholders’ approval requirements under chapter 14A of the Listing Rules relating to the aforementioned non-exempt continuing connected transactions between the Group and TBEA. Pursuant to the waiver, the purchase transactions with TBEA are subject to the respective annual caps for the year ended 31 December 2015, the year ending 31 December 2016 and the year ending 31 December 2017.

As set out in the Letter from the Board, the existing annual caps for years ending 31 December 2016 and 2017 (the “**Existing Annual Caps**”) for the purchase transactions with TBEA will not be able to satisfy the business needs of the Group for the two years ending 31 December 2016 and 2017. The Board proposed to revise the Existing Annual Caps (the “**Annual Caps Revision**”) for the two years ending 31 December 2016 and 2017 for the purchase transactions with TBEA (the “**Revised Annual Caps**”). As confirmed by the Directors, no terms have been modified or changed since the parties entered into the TBEA Products Procurement Framework Agreement.

LETTER FROM TC CAPITAL

As at the Latest Practicable Date, TBEA is interested in 60.18% of the total issued share capital of the Company and thus is a controlling Shareholder of the Company. Accordingly, TBEA is a connected person of the Company as defined under chapter 14A of the Listing Rules. Since at least one of the applicable percentage ratios calculated under the Listing Rules of the Revised Annual Caps exceeds 5%, the Company has to re-comply with the reporting, announcement, circular, and Independent Shareholders' approval requirements as pursuant to rule 14A.35 to 14A.48 of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, the Board will seek the approval of the independent Shareholders at the AGM, among other things, (i) to approve and ratify the exceeded cap for the year ended 31 December 2015 in relation to the TBEA Products Procurement, and (ii) to approve the Revised Annual Caps. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save and except TBEA and its associates, who will abstain from voting at the AGM, no other Shareholder is required to abstain from voting on the resolutions in relation to the Continuing Connected Transactions and the Revised Annual Caps at the AGM.

The Independent Board Committee, comprising Mr. Qin Haiyan, Mr. Yang Deren and Mr. Wong, Yui Keung Marcellus (all being the independent non-executive Directors), has been established to advise the Independent Shareholders as to whether (i) the continuing connected transactions contemplated under the TBEA Products Procurement Framework Agreement are fair and reasonable during the year ended 31 December 2015, and entered into on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole; (ii) the ratification of the TBEA Products Procurement for the year ended 31 December 2015 is in the interests of the Company and Shareholders as a whole; and (iii) the terms of the TBEA Products Procurement Framework Agreement (including the Revised Annual Caps) have been determined on a fair and reasonable basis and entered into on normal commercial term and in the ordinary and usual course of business of the Company and in the interest of the Company and Shareholders as a whole; and (iv) to vote in favour of the resolutions to be proposed at the AGM. We, TC Capital International Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information and representations provided by the Directors and the management of the Company, for which they are solely and wholly responsible for are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so as at the date of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the management of the Company in the Circular were reasonably made after due enquires and careful consideration by the Directors and the management of the Company and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company nor have we conducted any independent investigation into the business, financial conditions and affairs or the prospect of the Group or any of their associates.

LETTER FROM TC CAPITAL

The Directors have collectively and individually accepted full responsibility for all information given with regard to the Company including particulars given in compliance with the Listing Rules. The Directors have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Continuing Connected Transactions and the Revised Annual Caps, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken the following principal factors and reasons into consideration:

1. Information on the Group

Principal business of the Group

The Group is principally engaged in the polysilicon production and rendering of engineering and construction contracting (the “**ECC**”) service for solar and wind power plants and systems in the PRC. The Group also manufacture ancillary equipment, principally inverters, photovoltaic (“**PV**”) wafers and PV modules, which are applied in the ECC business or sold to the third parties.

According to the Prospectus, depending on customers’ needs, the Group’s ECC models include engineering, procurement and construction (“**EPC**”), procurement and construction (“**PC**”) and build and transfer (“**BT**”).

LETTER FROM TC CAPITAL

Revenue by segments

The table below sets out a breakdown of the revenue by business segments as extracted from the Prospectus and the annual report of the Company for the year ended 31 December 2015 (the “**2015 Annual Report**”).

	Year ended 31 December					
	2013		2014		2015	
	<i>(RMB in million)</i>	<i>(percentage to total revenue)</i>	<i>(RMB in million)</i>	<i>(percentage to total revenue)</i>	<i>(RMB in million)</i>	<i>(percentage to total revenue)</i>
Polysilicon						
Production	866.6	14.7%	2,049.1	27.7%	2,137.2	22.6%
Sales of Electricity	328.8	5.6%	397.1	5.4%	375.6	4.0%
ECC	4,026.3	68.2%	4,143.7	56.0%	5,958.2	63.1%
Inverter						
Manufacturing	373.4	6.3%	431.5	5.8%	608.2	6.4%
PV Wafer and Module						
Manufacturing	301.1	5.1%	273.6	3.7%	244.3	2.6%
Others	11.1	0.2%	107.5	1.5%	117.4	1.2%
Total	<u>5,907.3</u>		<u>7,402.5</u>		<u>9,440.9</u>	

According to the Prospectus, the total revenue increased by 25.3% from RMB5,907.3 million in the year ended 31 December 2013 to RMB7,402.5 million in the same period in year 2014. The increase was mainly attributable to the increased revenue from ECC and Polysilicon Production. The revenue generated from ECC increased by 2.9% from RMB4,026.3 million in the year ended 31 December 2013 to RMB4,143.7 million in the same period in year 2014 and this was primarily due to the increased of the completed installation capacity from 617.7 MW in 2013 to 822.3 MW in 2014. The revenue generated from polysilicon production increased 136.5% from RMB866.6 million in the year ended 31 December 2013 to RMB2,049.1 million in the same period in year 2014 and this was primarily due to a combination of an increase in polysilicon sales volume and selling price.

The total revenue increased by approximately 27.5% from RMB7,402.5 million in the year ended 31 December 2014 to RMB9,440.9 million in the same period in year 2015. The increase was mainly attributable to the increased revenues from ECC in the same period in year 2015. The revenue generated from ECC increased by approximately 43.8% to RMB5,958.2 million in the year ended 31 December 2015 from RMB4,143.7 million in the same period in year 2014 and this was mainly because China PV and wind power industries developed steadily in 2015, and at the same time, the Company strengthened efforts in market development, which led to expansion of the EPC and BT business scales.

We noted that the revenue generated from ECC is in a major portion to the total revenue, the percentage of the revenue generated from ECC were over 55% to the total revenue among the period stated in the above table. As stated in the Prospectus, the Group continues to enhance the competitive edges and market share in ECC by enhancing the cooperative relationship with various large PV enterprises, particularly major PV product manufacturers who also own PV resources. As stated in the 2015 Annual Report, the Company will constantly improve its resolution ability of wind power and PV station systems and further expand market share of wind power and PV stations and the Company reserved over 2 GW advanced pipeline projects which lay a solid foundation for the ECC projects.

2. Information on TBEA

As stated in the Letter from the Board, TBEA is a joint stock company incorporated in the PRC on 26 February 1993. TBEA and its close associates (excluding the Group) are principally engaged in (i) the manufacturing and sale of power transformers, reactors, wires, cables and other electrical and mechanical equipment; and (ii) domestic and overseas engineering and construction contracting for power transmission projects, water power and thermal power station projects.

We have reviewed the annual report of TBEA and noted that for the year ended 31 December 2015, TBEA's turnover was RMB37,452.0 million that RMB1,887.5 million was attributed to the net profit of the parent.

3. Reasons for the Annual Caps Revision

Since 2014, the National Development and Reform Commission of PRC (中華人民共和國國家發展和改革委員會) (the “**NDRC**”) has divided the PRC into three solar resource zones with on-grid tariffs of RMB0.9/kWh, RMB0.95/kWh and RMB1.0/kWh, respectively. Once the project is entitled the on-grid tariff, the entitled on-grid tariff will be adopted and remain unchanged for 20 years. In December 2015, the NDRC issued a notice of the on-grid tariff of wind power from land and photovoltaic energy (國家發展改革委關於完善陸上風電光伏發電上網標桿電價政策的通知) (the “**Notice**”). According to the Notice, the on-grid tariff of PV electricity and wind electricity in 2016 will be fixed (the “**2016 On-grid Tariff**”) and will be lower than the on-grid tariff in 2015 (the “**2015 On-grid Tariff**”).

Upon our review on the Notice and discussion with the management of the Company, we understand that wind power projects and PV projects were registered before 1 January 2016 will be entitled to the 2015 On-grid Tariff, provided that (i) for wind power projects, construction has been commenced before 31 December 2017 (the “**Wind Power Cut-off Time**”); and (ii) for PV projects, operation has been commenced before 30 June 2016 (the “**PV Cut-off Time**”).

In order to enjoy a higher 2015 On-grid Tariff before the Wind Power Cut-off Time and PV Cut-off Time, the Notice has stimulated the progress in installation and construction of wind power and PV stations as well as related EPC services in the fourth quarter of 2015. As confirmed by the management of the Company, the capacity of the projects registered of wind power projects and PV projects as at 30 June 2015 are 518 MW and 1,309.5 MW, respectively. Additionally, there were 3 Build-Own-Operate (“**BOO**”) projects with total capacity of 450 MW. The Company commenced the construction to the aforesaid projects in order to get a better on-grid tariff after taken into account on the construction period of the PV and wind power station. As a result, the Group completed a total capacity of 1,400 MW during 2015. The extensive increase of the Company's business scale in EPC and BT power station construction projects also resulted in substantial procurement of the Equipments. The overall construction scale of PV power stations and wind power stations has been increased significantly as compared with the corresponding period of 2014. In 2015, the total procurement amount of the Company was RMB13.3 billion, representing an increase of more than 80% over the corresponding period of 2014.

LETTER FROM TC CAPITAL

We have discussed with the management of the Company in relation to the business relationship with TBEA. We understand that (i) the Group has maintained a long-term relationship with TBEA of more than 5 years; (ii) the Group did not have any material disputes or complaints against TBEA in relation to the quality of products supplied by TBEA. In addition, TBEA has leading advantages in equipment supply as TBEA was able to provide more competitive prices to satisfy quality requirements in the tenders. As such, the actual transaction amount between the Company and TBEA under the TBEA Products Procurement Framework Agreement has significantly increased in the fourth quarter of 2015, which exceeds the approved cap.

We also noted from the Notice that the on-grid tariff of wind electricity in 2018 will also be fixed but will be lower than its 2016 On-grid Tariff. Due to the increased efficiency and economic of scales in the PV electricity, it is expected that the on-grid tariff of and PV electricity will also be dropped gradually. In light of the above, the Board considers that the demand for the installation and construction of wind power and PV stations will continue to be high in order to enjoy the higher 2016 On-grid Tariff, as compared to a lower tariff in the future.

Since the Equipments are purchased for the installation and construction of wind power stations and PV stations, we consider the transactions contemplated under the TBEA Products Procurement Framework Agreement (including the continuing connected transactions for the year ended 31 December 2015) is in the ordinary and usual course of business of the Group.

Having taken into consideration of the above, in particular, (i) the Group has maintained a long term relationship with TBEA without material disputes or complaints; (ii) TBEA was able to provide more competitive prices to satisfy quality requirements in the tenders; and (iii) the demand for the installation and construction of wind power and PV stations will continue to be high, which will increase the demand of the Equipments concurrently, we concur with the view of Directors that the transactions contemplated under the TBEA Products Procurement Framework Agreement (including the continuing connected transactions for the year ended 31 December 2015) is in the interest of the Company and the Shareholders as a whole.

4. Rationale for determining the Revised Annual Caps

Existing Annual Caps and Revised Annual Caps

Set out below are the Existing Annual Caps and the Revised Annual Caps for the purchase transactions with TBEA for the two years ending 31 December 2016 and 2017:

	For the year ending 31 December			
	2016		2017	
	Existing Annual Cap	Revised Annual Cap	Existing Annual Cap	Revised Annual Cap
	<i>(RMB million)</i>			
Estimated amount of the Equipments procurement fee to be paid by us to TBEA and/or its associates	140	500	145	600

LETTER FROM TC CAPITAL

The Revised Annual Caps for the purchase transactions with TBEA for the two years ending 31 December 2016 and 2017 are proposed to be RMB500 million and RMB600 million, respectively. The change represented approximately 257.1% and 313.8% increment in the Existing Annual Caps, respectively.

Historical transaction amounts

Set out below is a summary of the historical sales transaction amounts for the years ended 31 December 2012, 2013, 2014 and 2015 as well as the Existing Annual Caps:

	For the year ended 31 December				Existing Annual Cap
	2012	2013	2014	2015	
	Actual amount	Actual amount	Actual amount	Actual amount	
			<i>RMB'000</i>		
Amount of the Equipments procurement fee to be paid by us to TBEA and/or its associates	368,300	212,800	127,270	389,534	135,000

As shown in the above table, the overall purchase from TBEA decreased from approximately RMB368.3 million for the year ended 31 December 2012 to approximately RMB212.8 million and approximately RMB127.3 million for the two years ended 31 December 2014 respectively. As discussed with the management, the decrease was mainly due to less competitive price offered by TBEA (and thus a lower successful bidding rate) during that time and the construction progress of the ECC projects and by the slowdown of demand due to the economic downturn in the United States of America and the European debt crisis in the market worldwide from 2012 to 2014.

As the cooperation between the Group and TBEA continues to strengthen, TBEA has adjusted its pricing strategy in 2015 to offer a more competitive price to the Group, and with the stimulation of the relevant policy from NDRC, the purchase amount from TBEA has increased to approximately RMB389.5 million for the year ended 31 December 2015.

We have obtained the number of the tenders offered by the Group and invited TBEA for bidding in 2014 and 2015. There were 102 and 172 tenders which invited TBEA for bidding in 2014 and 2015, respectively, among which TBEA won 46 and 93 tenders, representing approximately 45.1% and 54.1% successful bidding rate respectively.

As confirmed by the management of the Company, the historical prices of the Equipments provided by TBEA and its associated and their percentage in winning the biddings are stable after TBEA adjusted its pricing strategy in 2015.

As advised by the Directors, as at the Latest Practicable Date, the actual transaction amounts with TBEA since 2016 have not exceeded the Existing Annual Caps.

LETTER FROM TC CAPITAL

Pricing basis for purchase of the Equipments

As stated in the Letter from the Board, the Company usually invites different vendors to tender for the products needed for ECC. The bidding management department and bidding evaluation committee representative of the Company (the “**Bidding Department**”) will evaluate the terms offered from different bidders and provide comment to the senior management for final decision. For the details of the bidding procedure and the evaluation, please refer to the Letter from the Board. We have obtained 10 records of tender results/evaluation report for the purchase of the Equipments where TBEA and other independent third parties act as bidders from 2014 to 2015. We have reviewed the internal guideline of the Company (the “**Internal Guideline**”) for the bidding procedures. As stated in the Internal Guideline, business departments and subsidiaries of the Group will based on their business needs to make request to the procurement department. The minimum number for bidder of each tender is 5. The suppliers invited are the qualified suppliers which are evaluated by several departments, such as procurement, safety and quality and bidding management. In the event that the number of qualified suppliers is less than 5 but equal to or more than 3, the approval from the senior management of the Bidding Department is needed. As confirmed by the Company, all of the tenders were bid by more than 5 suppliers for all of the transactions in purchasing the Equipments in 2014 and 2015. The bidding evaluation committee will rate the tenders and make the final decision to accept the bid. The terms of the price and the quality of products would not be further negotiated and the final contract will stick to the original tender terms. We compared the prices of the Equipment offered by TBEA to the Company against the sale prices or quotation from independent third parties for similar type of the Equipments. After reviewed the result and the evaluation report of the abovementioned tendering documents by the Bidding Department, we noted that the prices offered by TBEA are often more favourable to the Group than that offered by independent third parties. We also noted that TBEA is usually in the top 3 bidder by considering the price offered among all bidders. As discussed with the management of the Company, during the bidding process, the Group will treat TBEA and independent suppliers equally. Thus, on the condition that the relevant technical and quality requirements are satisfied and if the Group can obtain more preferential terms from independent suppliers, the Group will not procure the products from TBEA. In some cases, TBEA won the bids even it did not offer the lowest prices in the bids. As discussed with the management of the Company, during the bidding process, they have considered and rated the bidders in different areas, including price, technology level, safety and quality in the weight of rating of 70%, 10%, 10% and 10% respectively. Therefore, TBEA won the bid even it did not offer the lowest price as it was able to have a higher rating in terms of technology level, safety or quality of products as compared to other suppliers. Among the 10 samples we obtained from the Company, we noted that the Company followed the aforesaid rating system.

Having taken into account of the factors of (i) the minimum number of bidders of each tender; and (ii) the suppliers are qualified which are evaluated by several departments; and (iii) the rating system adopted by the Group, we consider the internal control measures are sufficient to safeguard the connected transactions with TBEA.

As confirmed by the management of the Company, during 2014 and 2015, for every tender which invited TBEA for bidding, the Group also invited other independent suppliers for the bidding process for comparison, and the winners of the tenders were determined in accordance with the aforesaid rating system. Subject to the senior management approval, if the number for bidders for a tender is 3, the Company would ensure that at least 2 independent suppliers would participate in the

LETTER FROM TC CAPITAL

bidding process and the winner will be determined according to the rating system. We consider these procedures can safeguard the purchase price with TBEA will be on normal commercial terms and no less favourable than that offered by independent third parties.

Having considered the above and the reasons for the exceeded annual cap for the year ended 31 December 2015 as stated in the section headed “3. *Reasons for the Annual Caps Revision*” above, we concur with the Directors that (i) the continuing connected transactions contemplated under the TBEA Products Procurement Framework Agreement are fair and reasonable during the year ended 31 December 2015 and entered into on normal commercial terms; (ii) the ratification of the TBEA Products Procurement for the year ended 31 December 2015 is in the interests of the Company and Shareholders as a whole; and (iii) the terms of the TBEA Products Procurement Framework Agreement have been determined on a fair and reasonable basis and entered into on normal commercial terms.

Measures Adopted by the Company for Future Compliance

As stated in the Letter from the Board, in order to prevent the recurrence of similar incidences of exceeded annual caps and to ensure continuous compliance with the Listing Rules, the Board has taken various remedial steps in response to the exceeded annual caps, including:

- 1) The Board drafted and issued the Implementation Policies on the Management of Connected Transactions and Connected Fund Transfer (the “**Policies**”) in early March of 2016, which supplements and details the management process of the Company’s connected transactions. In particular:
 - a) the relevant business departments of the Company (including procurement department, bidding department and strategic operation departments, etc.) shall create and update accounts for the Company’s continuing connected transactions and report on a weekly basis to the secretary of the Board in respect of the execution and performance status of such continuing connected transactions;
 - b) all the contracts of connected transactions cannot be executed without review and approval of the secretary of the board; the secretary of the Board will then inform the Board of any important information thereof;
 - c) the performance, especially the payment of connected transactions shall strictly comply with the Management Rules on Connected Transaction of Xinte Energy Co., Ltd. (the “**Rules**”) and the Policies;
 - d) the audit committee of the Company are also responsible for the information gathering on and monitoring of connected transactions, and conducting evaluation on the fairness of the transaction terms and the pricing terms; it would discuss with our subsidiaries and business departments to determine the annual caps and performance of the Company’s connected transactions; it shall also report to the secretary of the Board and the supervisors of the Company on the Group’s continuing connected transactions on a monthly basis. If based on the monitoring report it is anticipated that there is a need to revise the annual caps, the Company will comply with the relevant requirements under Listing Rules to issue an announcement, report to the Independent Board Committee and/or seek for independent Shareholders’ approval after the Board’s review and approval (as the case may be); and

LETTER FROM TC CAPITAL

- e) the Company will punish the responsible person who breaches the Rules, the Policies and relevant requirements regarding connected transactions.
- 2) The secretary of the Board provided training on the rules, regulations and relevant requirements to the Company's management team on 3 March 2016, including the chairman of the Board, the general manager, certain Directors, supervisors of the Company, chief officers, the middle-level management team of finance department, operation management department, auditing and legal department, bidding department and other relevant departments. During the training special emphasis was put on the review process and key control points of connected transactions.

The Company has provided an all-around training on 22 April 2016 to officers and employees of the Company and its subsidiaries, including business managers, middle-level managers and officers, on the rules, regulations and the internal control system relating to connected transactions, so as to strengthen their awareness of the compliance requirements and enhance the supervision over continuing connected transactions and implementation of the internal control policy.

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

- the Company has adopted, implemented and improved its system on connected transactions. According to the system, business departments of the Company are required to create and update accounts for the continuing connected transactions and report on a weekly basis to the secretary of the Board in respect of the execution and performance status of such connected transactions. The secretary of the Board will then inform the Board of any important information thereof;
- the audit committee of the Company are also responsible for the information gathering on and monitoring of connected transactions, and conducting evaluation on the fairness of the transaction terms and the pricing terms; it would discuss with our subsidiaries and business departments to determine the annual caps and performance of the Company's connected transactions. It will also report to the Board and the supervisors of the Company on the Group's continuing connected transactions on a monthly basis. If based on the monitoring report it is anticipated that there is a need to revise the annual caps, the Company will comply with the relevant requirements under Listing Rules to issue an announcement, report to the Independent Board Committee and/or seek for independent Shareholders' approval after the Board's review and approval (as the case may be);
- meanwhile, the Company will strengthen the training in respect of review, decision-making process of connected transactions and required disclosure of information under the Listing Rules, so as to further promote the awareness of relevant business departments on the corresponding compliance matters; and
- the Independent Non-executive Directors of the Company have also reviewed and would continue to review the non-exempt continuing connected transactions to ensure such agreements are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements. The auditors of the Company would also conduct an annual review on the pricing and annual caps of such non-exempt continuing connected transactions.

LETTER FROM TC CAPITAL

The Company will endeavor to carry out adequate supervision over the amount of the continuing connected transactions against the relevant annual caps in the future, with a view to ensuring necessary measures and appropriate actions for the compliance with the applicable requirements under the Listing Rules will be promptly taken. To further safeguard the compliance, the Board will also provide regular trainings to responsible personnel on continuing connected transactions. If the cumulative transaction amount of each continuing connected transaction would reach 80% of its respective annual cap at any point of the year, the management team then will seek advice from the audit committee of the Company and the Board and supervisors of the Company to consider the next steps, including the need to inform the Stock Exchange, to publish any announcement and to seek independent Shareholders' approval for an increase in annual caps, if applicable.

Having considered, in particular, (i) the continuing connected transactions will be restricted by the Revised Annual Caps for the two years ending 31 December 2016 and 2017, subject to approval in the AGM; (ii) the internal control measures will be in place to ensure the Company's conformity with the pricing policies from time to time; and (iii) the ongoing review by the independent non-executive Directors, audit committee of the Company and the auditors of the Company of the terms of the continuing connected transactions and the relevant annual caps not being exceeded, we are of the view that there are appropriate and sufficient measures in place to govern the conduction of the relevant continuing connected transaction and safeguard the interests of the Independent Shareholders.

Basis for the Revised Annual Caps

The revised annual caps for 2016 and 2017 are approximately RMB500 million and RMB600 million, which represent an increase of approximately 28.4% over the actual historical transaction amount with TBEA of approximately RMB389.5 million in 2015 and a growth of 20% over the revised annual cap for 2016, respectively.

As stated in the section headed "3. *Reasons for the Annual Caps Revision*", the majority of the transaction amounts of the Group in purchasing the Equipments with TBEA for the year ended 31 December 2015 occurred in fourth quarter of 2015. Although the 2016 On-grid Tariff is lower than the 2015 On-grid Tariff, given that the on-grid tariff of wind power electricity and PV electricity will be dropped gradually, the Board considers that the demand for the installation and construction of wind power and PV stations will continue to be high. According to the information provided by the Company, the capacity of wind power projects and PV projects registered as at 31 March 2016 are 345.5 MW and 879.5 MW, respectively, and 8 signed EPC contracts with total capacities 675 MW and total transaction amounts approximately RMB4,500 million are not yet commenced the construction.

As discussed with the management of the Company and as stated in the 2015 Annual Report, the Group will constantly improve its resolution ability of wind power and PV station systems and further expand market share of wind power and PV stations and the Company reserved over 2 GW advanced pipeline projects which lay a solid foundation for the ECC projects.

Taken into accounts of the above, we concur with the Directors to set the Revised Annual Caps to be higher than the actual transaction amounts in 2015, in order to cope with the demand of the Equipments in the full years of 2016 and 2017 as compared to the same in 2015, which mainly occurred in the fourth quarter of 2015.

As advised by the management of the Company, the increase in annual installation capacity from 2014 to 2015 was approximately 577.7 MW. As discussed with the management of the Company, the annual installation capacity is expected to be increased by approximately 400 MW from 1,400 MW in 2015 to 1,800 MW in 2016, representing an increase of approximately 28.6% from 2015 to 2016.

LETTER FROM TC CAPITAL

Furthermore, the management of the Company expected that the annual installation capacity for 2017 will be in the same pace of 2016 (i.e. increased by approximately 400MW) and the annual installation capacity will be increased from 1,800 MW in 2016 to 2,200 MW in 2017, representing an increase of approximately 22.2% from 2016 to 2017. The growth rates of approximately 28.4% and 20% for the revised annual caps of 2016 and 2017 against the actual transaction amounts with TBEA in 2015 and the revised annual cap of 2016 was approximate to the growth rates of the annual installation capacity in 2016 and 2017. As advised by the management of the Company, given that the successful bidding rate of the TBEA is stable starting from 2015 and the demand of the Equipments will continue to be high, the increase in the purchase of the Equipments from TBEA will be in the similar trend as the increase in the annual installation capacity of the Group.

We have discussed with the management of the Company regarding other factors in determining the Revised Annual Caps. We understand that the demand on the Equipments can be reflected by the researches below and/or driven by the following government policies:

- (i) Pursuant to the action plan for energy development strategy (2014–2020) (《能源發展戰略行動計劃(2014–2020年)》) issued by the State Council of the PRC on 7 June 2014, the government will further encourage a larger scale of investment in new energy, and promote new energy industry such as PV power station by improving the scale of the construction, the on-grid services and the wide uses of the PV energy into public facilities and wind power station by promoting the wind power in 9 districts in the PRC and promoting the wind power from sea;
- (ii) According to the report “Snapshot of Global PV Markets 2014” issued by International Energy Agency, China’s total PV installation capacity, which is a common used data showing the size of PV market, has reached 28.2 GW in 2014, representing a compound annual growth rate (“CAGR”) of approximately 100% from the total PV installation capacity of 3.3 GW in 2011;
- (iii) According to the statistical data from National Energy Administration, China’s newly increased installation capacity of PV was about 15.13 GW in 2015, with a year-on-year growth of 42% and accumulated installation capacity amounted to about 43.18 GW;
- (iv) According to the statistical data from National Energy Administration, China’s newly increased installation capacity of wind power was about 32.97 GW in 2015 and accumulated installation capacity amounted to about 129 GW;
- (v) According to Consultation Letter regarding the Development Plan of Renewable Energy during the 13th Five-Year Plan (可再生能源「十三五」發展規劃(徵求意見稿)) issued by National Energy Administration of China, China’s total PV installation capacity and the total wind energy installation capacity are targeted to reach 160 GW and 250 GW at the end of year 2020, representing a CAGR of approximately 30% (the “PV Annual Growth Rate”) and approximately 15% (the “Wind Annual Growth Rate”), respectively. The solar energy in the PRC is expected to generate 170 billion kWh of electricity per annum by 2020; and
- (vi) According to the context of supporting PV industry (光伏扶貧實施方案編制大綱(試行)) issued by National Energy Administration of China, the local government will subsidy 20% of initial investment amounts to the large-scale PV projects.

LETTER FROM TC CAPITAL

As reflected from the researches/policies above, we consider the wind power industry and PV industry are still in the rapid-growing stage up to 2020, with the Wind Annual Growth Rate of 15% and PV Annual Growth Rate of 30% in total installation capacity, respectively. We consider that with the support of government policies on the development of clean energy and as one of the leading new energy project contractor in China, the Company's businesses will benefit from the rapid growth of wind power industry and PV industry, and it is expected that the annual installation capacity of the Group will be increased concurrently with the implementation of the government policies, resulting in a high demand of the Equipments. Since it is expected that the successful bidding rate of TBEA will be stable after 2015, we concur with the Directors that the purchase of Equipments from TBEA will be increased accordingly. Together with the expected growth rates in annual installation capacity of the Group in 2016 (approximately 28.6%) and 2017 (approximately 22.2%), we consider it is reasonable to set growth rates of approximately 28.4% and 20% for the revised annual caps of 2016 and 2017 against the actual transaction amounts with TBEA in 2015 and the revised annual cap of 2016, respectively.

Having considered the above, we concur with the Directors that the Revised Annual Caps is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Revised Annual Caps are determined by the management based on assumptions, among others, current estimation of the demand from the Group and market conditions. Accordingly, we express no opinion as to how closely the actual amounts of the transactions contemplated under the TBEA Products Procurement Framework Agreement in comparison to the Revised Annual Caps.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that (i) the continuing connected transactions contemplated under the TBEA Products Procurement Framework Agreement are fair and reasonable during the year ended 31 December 2015, and entered into on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole; (ii) the ratification of the TBEA Products Procurement for the year ended 31 December 2015 is in the interests of the Company and Shareholders as a whole; and (iii) the terms of the TBEA Products Procurement Framework Agreement (including the Revised Annual Caps) have been determined on a fair and reasonable basis and entered into on normal commercial term and in the ordinary and usual course of business of the Company and in the interest of the Company and Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the proposed resolution to be proposed at the AGM to approve the continuing connected transactions contemplated under the TBEA Products Procurement Agreement during the year ended 31 December 2015 and the Annual Caps Revision.

Yours faithfully,

For and on behalf of

TC Capital International Limited
Edward Wu **Stanley Chung**
Chairman *Managing Director*

Note: Mr. Edward Wu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2005. Mr. Stanley Chung has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2006. Both Mr. Wu and Mr. Chung have participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS AND CONFIRMATIONS

- (a) As at the Latest Practicable Date, as far as the Company's awareness, the following individuals had interest and short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or are required pursuant to section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules:

Name	Nature of Interest	Relevant corporation (including associated corporation)	Number of shares held by relevant corporation (including associated corporation)	Approximate percentage of shareholdings in the total share capital of the Company/ relevant corporation (including associated corporation) ⁽¹⁾	Approximate percentage of shareholdings in the relevant class of Shares of the Company ⁽²⁾	Long position/ short position
Director						
Mr. Zhang Xin	Interest in a controlled corporation ⁽³⁾	The Company	57,826,308 Domestic Shares	5.53%	7.90%	Long position
	Beneficial Owner	TBEA ⁽⁴⁾	351,478 shares	0.01%	N/A	Long position
	Interest in a controlled corporation ⁽⁵⁾	TBEA	377,429,387 shares	11.62%	N/A	Long position
Mr. Zhang Jianxin	Beneficial Owner	TBEA ⁽⁴⁾	250,000 shares	0.01%	N/A	Long position
Mr. Ma Xuping	Beneficial Owner	TBEA ⁽⁴⁾	270,280 shares	0.01%	N/A	Long position
Ms. Guo Junxiang	Beneficial Owner	TBEA ⁽⁴⁾	300,000 shares	0.01%	N/A	Long position
Mr. Yin Bo	Beneficial Owner	TBEA ⁽⁴⁾	96,000 shares	0.00%	N/A	Long position
Ms. Wu Wei	Beneficial Owner	TBEA ⁽⁴⁾	350,000 shares	0.01%	N/A	Long position
Mr. Hu Shujun	Beneficial Owner	TBEA ⁽⁴⁾	300,000 shares	0.01%	N/A	Long position
Mr. Cao Huan	Beneficial Owner	TBEA ⁽⁴⁾	47,000 shares	0.00%	N/A	Long position
Mr. Zhang Yueqiang	Beneficial Owner	TBEA ⁽⁴⁾	64,000 shares	0.00%	N/A	Long position

(1) The calculation is based on the total number of 3,249,053,686 shares of TBEA and 1,045,005,162 Shares of the Company in issue as of the Latest Practicable Date.

(2) The calculation is based on the total number of 731,529,532 Domestic Shares of the Company in issue as of the Latest Practicable Date.

- (3) Mr. Zhang Xin directly holds 40.08% equity interest of Xinjiang Tebian, and as of the Latest Practicable Date, Xinjiang Tebian directly holds 5.53% equity interest of the Company.
- (4) TBEA is our controlling shareholder and therefore an “associated corporation” of our Company within the meaning of Part XV of the SFO. As of the Latest Practicable Date, TBEA held 628,926,449 Domestic Shares of our Company which accounted for approximately 61.40% of the total share capital of the Company.
- (5) Mr. Zhang Xin directly holds 40.08% equity interest of Xinjiang Tebian, which directly holds 377,429,387 shares of TBEA.
- (b) None of the Directors, Supervisors, chief executives of the Company and their respective spouses or children under the age of 18 were granted any rights to subscribe equity securities or debt securities;
- (c) apart from Mr. Zhang Xin and Ms. Guo Junxiang, who have management positions in TBEA, are deemed by the Listing Rules as connected Directors and have abstained from voting at the board meeting held on 24 March 2016 in respect of the continuing connected transactions in relation to TBEA, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group since 31 December 2015, being the date to which the latest published audited annual financial statements of the Company were made up, and which was subsisting as at the Latest Practicable Date and significant in relation to the business of the Group;
- (d) none of the Directors had any direct or indirect interest in any assets which have been since 31 December 2015 (being the date to which the latest published audited annual financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (e) save as disclosed in the section “Interest of Directors in Competing Business” of the Appendix of this circular, none of the Directors or, so far as is known to them, any of their respective associates was interested in any business (apart from the Group’s business) which competes or is likely to compete either directly or indirectly with the Group’s business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder);
- (f) the Directors are not aware of any material adverse change in the financial or trading positions of the Company since 31 December 2015 (the date to which the latest published audited annual financial statements of the Company were made up); and
- (g) none of the Directors had entered into any service contract with the Company or any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)).

3. INTEREST OF DIRECTORS IN COMPETING BUSINESS

As at the Latest Practicable Date, save as disclosed below, none of the Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group:

Name of Directors	Position in the Company	Other Interests
Mr. Zhang Xin	Non-executive Director	Chairman and executive director of TBEA
Ms. Guo Junxiang	Non-executive Director	Secretary of board and executive director of TBEA

4. SUBSTANTIAL SHAREHOLDERS

As of the Latest Practicable Date, so far as known to the Directors of the Company after reasonable enquiry, the following persons (other than the Directors, Supervisors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to Section 336 of the SFO:

Name of Shareholder	Nature of interest	Class of Shares held	Number of Shares held	Approximate percentage of shareholdings in the relevant class of Shares of the Company ⁽¹⁾	Approximate percentage of balance of shareholding in total share capital of the Company ⁽¹⁾	Long position/ short position
TBEA	Beneficial Interest	Domestic Shares	628,926,449	85.97%	60.18%	Long position
Xinjiang Tebian	Beneficial Interest	Domestic Shares	57,826,308	7.90%	5.53%	Long position
L.R. Capital China Growth I Company Limited ⁽⁸⁾	Beneficial Interest	H Shares	73,099,415	23.32%	7.00%	Long position
CM International Capital Limited	Beneficial Interest	H Shares	43,859,649	13.99%	4.20%	Long position
GF Securities Co., Ltd.	Interest in a controlled corporation ⁽⁵⁾	H Shares	29,239,766	9.33%	2.80%	Long position
GF Holdings (Hong Kong) Corporation Limited	Interest in a controlled corporation ⁽⁵⁾	H Shares	29,239,766	9.33%	2.80%	Long position
GF Investments (Hong Kong) Company Limited	Interest in a controlled corporation ⁽⁵⁾	H Shares	29,239,766	9.33%	2.80%	Long position

Name of Shareholder	Nature of interest	Class of Shares held	Number of Shares held	Approximate percentage of shareholdings in the relevant class of Shares of the Company ⁽¹⁾	Approximate percentage of balance of shareholding in total share capital of the Company ⁽¹⁾	Long position/ short position
GF Energy Investment Limited	Beneficial Interest	H Shares	29,239,766	9.33%	2.80%	Long position
Fubon Financial Holding Co., Ltd.	Interest in a controlled corporation ⁽⁷⁾	H Shares	17,613,600	5.62%	1.69%	Long position
Fubon Life Insurance Co., Ltd.	Beneficial Interest	H Shares	17,613,600	5.62%	1.69%	Long position
Keystone Group Ltd.	Beneficial Interest	H Shares	26,420,400	8.43%	2.53%	Long position
Mr. Chen Weilin ⁽⁷⁾	Interest in a controlled corporation	Domestic Shares	57,826,308	7.90%	5.53%	Long position
Ms. Ouyang Xinxiang ⁽³⁾	Interest in a controlled corporation	H Shares	26,420,400	8.43%	2.53%	Long position
LRC. Belt and Road Investment Limited	Beneficial Interest	H Shares	26,420,400	8.43%	2.53%	Long position
Strategic Global Investment Corporation Limited ⁽³⁾	Interest in a controlled corporation	H Shares	26,420,400	8.43%	2.53%	Long position
Union Sky Holding Group Limited	Beneficial Interest	H Shares	17,613,600	5.62%	1.69%	Long position
Mr. Shi Yuzhu ⁽⁴⁾	Interest in a controlled corporation	H Shares	17,613,600	5.62%	1.69%	Long position

Notes:

- (1) The calculation is based on the total number of 1,045,005,162 Shares of the Company in issue as at the Latest Practicable Date in which 731,529,532 are Domestic Shares and 313,475,630 are H Shares.
- (2) Keystone Group LTD. is 100% owned by Ms. Ouyang Xinxiang. Therefore, Ms. Ouyang Xinxiang is deemed or taken to be interested in all our Shares held by Keystone Group LTD. for the purpose of the SFO.
- (3) Chan Mei Ching and Chan Min Chi hold 47% and 51% equity interest in Strategic Global Investment Corporation Limited, respectively. Strategic Global Investment Corporation Limited holds 99% equity interest in LRC. Belt and Road Investment Limited. Therefore, each of Chan Mei Ching, Chan Min Chi and Strategic Global Investment Corporation Limited is deemed or taken to be interested in all our Shares held by LRC. Belt and Road Investment Limited for the purpose of the SFO.
- (4) Union Sky Holding Group Limited is 100% owned by Mr. Shi Yuzhu. Therefore, Mr. Shi Yuzhu is deemed or taken to be interested in all our Shares held by Union Sky Holding Group Limited for the purpose of the SFO.
- (5) GF Investments (Hong Kong) Company Limited holds 81% of the equity interest of GF Energy Investment Limited, and GF Holdings (Hong Kong) Corporation Limited is 100% owned by GF Securities Co., Ltd.. Accordingly, under SFO, GF Securities Co., Ltd. and GF Holdings (Hong Kong) Corporation Limited are deemed to be interested in the 29,239,766 H Shares of long position held by GF Energy Investment Limited.

- (6) Fubon Life Insurance Co., Ltd. is 100% owned by Fubon Financial Holding Co., Ltd.. Therefore, Fubon Financial Holding Co., Ltd. is deemed or taken to be interested in all of the shares of the Company held by Fubon Life Insurance Co., Ltd. for the purpose of the SFO.
- (7) Mr. Chen Weilin holds 33.61% of the equity interest of Xinjiang Tebian, which directly holds 5.53% interest of our Company. Accordingly, under SFO, Mr. Chen Weilin is deemed to be interested in the 57,826,308 Domestic Shares held by Xinjiang Tebian.
- (8) L.R. Capital China Growth I Company Limited is owned by L.R. Capital Management Company (Cayman) Limited. Therefore, L.R. Capital Management Company (Cayman) Limited is deemed or taken to be interested in all of the shares of the Company held by L.R. Capital China Growth I Company Limited for the purpose of the SFO.

Save as disclosed in this circular, the Directors are not aware that there is any party (other than the Directors, Supervisors or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote at a general meeting under all circumstances.

5. SERVICES AGREEMENT

The Company has entered into service agreements with all of its Directors and Supervisors. None of the Directors or Supervisors has entered into or proposed to enter into any service agreements with the Company which cannot be terminated by the Company within one year without any compensation (other than the statutory compensation).

6. LITIGATION

As at the Latest Practicable Date, as is known to Directors of the Company, there are two material litigations, which were disclosed in prospectus:

Jiangsu Zhongneng Case:

In June 2013, Jiangsu Zhongneng Silicon Technology Development Co., Ltd. (“Jiangsu Zhongneng”) initiated a civil lawsuit against us with the People’s Court in Jiangsu for alleged infringements by us of certain intellectual property rights and trade secrets which claimed to be owned by Jiangsu Zhongneng, including STC hydrochlorination technology, high-efficiency and energy saving CVD reactor and silane-based FBR technology. Jiangsu Zhongneng sought a compensatory damage of RMB60 million against us. In December 2014, after our appeals, the Supreme People’s Court in China ruled in our favor that the People’s Court in Jiangsu lacked jurisdiction and this case should be heard in a court based in Xinjiang. In addition, Jiangsu Zhongneng has withdrawn its claim against us in relation to the infringement of intellectual property rights in December 2014.

Given that (i) we have never applied the silane-based FBR technology in our Polysilicon Production business; and (ii) the STC hydrochlorination technology and high-efficiency and energy saving CVD reactor which we used in our production were both purchased from legitimate third-party suppliers under valid purchase agreements, we believe that we did not infringe upon the intellectual property rights and trade secrets of Jiangsu Zhongneng. As of the Latest Practicable Date, this legal proceeding is being transferred to a court based in Xinjiang and therefore has not been initiated, and Jiangsu Zhongneng has not submitted any substantive evidence for the court to review and judge the case on the merits.

Yingli Energy Case:

In June 2014, Yingli Energy (China) Co., Ltd. (“Yingli Energy”) initiated a civil lawsuit against us with a Xinjiang court to recover receivables of approximately RMB15 million under the purchase agreements entered into between Yingli Energy and us in 2012, under which we ordered and purchased certain PV modules from Yingli Energy as instructed by an EPC customer. In December 2014, the court ruled in our favor and, subsequently, Yingli Energy filed an appeal. As of the Latest Practicable Date, this contract dispute was still going through the appellate procedure. In 2012, as the general contractor, we entered into an EPC contract with a customer under which we were specifically requested to procure PV modules from Yingli Energy. Based on the terms of the purchase agreements entered into with Yingli Energy, our payment obligations to Yingli Energy would only arise after we have received the progress payments from the EPC project owner, which is our customer.

We have actively sought to collect the receivables from our EPC customer, but as of the Latest Practicable Date, we still did not receive a portion of the progress payments, and therefore, we still maintained a portion of payables to Yingli Energy based upon the terms of the purchase agreements.

Given that (i) our EPC customer informed us that it expects to pay us the remaining progress payments soon and therefore we expect to pay the remaining payables under the EPC contract in 2016, and (ii) our receivables due from the EPC customer and our payables to Yingli Energy have been accounted for in our consolidated financial statements, we believe that, even if we should not prevail in the upcoming appellate trial, this contract dispute will not have any material adverse effect on our business, financial condition and results of operations.

Except for the complaints disclosed above, as at the Latest Practicable Date, the Group was not involved in any material litigation or arbitration and no material litigation or arbitration were pending or threatened or made against the Group so far as the Directors are aware.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2015, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. QUALIFICATION OF EXPERT AND CONSENT

The following is the qualification of the expert who has provided opinion or advice contained in this circular:

Name	Qualification
TC Capital International Limited (“ TC Capital ”)	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising finance) regulated activities under the SFO

- (a) As at the Latest Practicable Date, TC Capital did not hold any beneficial interest in the share capital of any member of the Group, nor does it have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (b) As at the Latest Practicable Date, TC Capital has given, and has not withdrawn their written consents to the issue of this circular with inclusion of their letters, as the case maybe, and the reference to their name included herein in the form and context in which they respectively appear.
- (c) As at the Latest Practicable Date, TC Capital did not have any interest in any assets which have been since 31 December 2015 (being the date to which the latest published audited annual accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. OTHER INFORMATION

- (a) The joint company secretaries of the Company are Ms. Zhang Juan and Ms. Ng Wing Shan.
- (b) The registered office of the Company is at No.2499, Mianguangdong Street, Ganquanpu Economic and Technological Development Zone (Industrial Park), High-tech Industrial Development Zone (New Downtown), Urumqi, Xinjiang, PRC.
- (c) H share registrar of the Company is Computershare Hong Kong Investor Serviced Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the offices of Clifford Chance at 27 Floor, Jardine House, Central, Hong Kong from the date of this circular up to and including the date of AGM:

- (a) TBEA Products Procurement Framework Agreement;
- (b) the consents referred to in the paragraph of “Qualification of Expert and Consent” of this Appendix;
- (c) the Letter from the Board, full text of which is set out on page 1 to page 28 of this circular;
- (d) the Letter from the Independent Board Committee, full text of which is set out on page 29 to page 30 of this circular; and
- (e) the letter from TC Capital, full text of which is set out on page 31 to page 43 of this circular.

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)

NOTICE OF THE ANNUAL GENERAL MEETING IN 2015

NOTICE IS HEREBY GIVEN that the annual general meeting (“AGM”) of Xinte Energy Co., Ltd. (the “Company”) of 2015 will be held at the Conference Room of the Conference Center of TBEA Co., Ltd. at No.189, Beijing South Road, Changji, Xinjiang, the People's Republic of China (“PRC”) at 11:00 a.m. on Thursday, 16 June 2016 to consider and approve the following matters:

ORDINARY RESOLUTIONS

To consider and approve the following matters as ordinary resolutions:

1. To consider and approve the Report of the Board of Director of the Company for the year 2015.
2. To consider and approve the Report of the Supervisory Board of the Company for the year 2015.
3. To consider and approve the final financial accounts of the Company for the year ended 31 December 2015.
4. To consider and approve the annual report for the year 2015.
5. To consider and approve the profit distribution plan of the Company for the year ended 31 December 2015, i.e., the proposed distribution of a final dividend of RMB0.1 per share (tax inclusive) in cash in an aggregate amount of approximately RMB104,500,516 for the year ended 31 December 2015, and to authorize the Board of Directors of the Company (the “Board”) to implement the aforesaid distribution.
6. To consider and approve the remuneration plan for Directors and Supervisors of the Company for the year 2016.
7. To consider and approve the re-appointment of PricewaterhouseCoopers as the Company's international auditor for the year 2016 for a term until the conclusion of the next annual general meeting of the Company, and to authorize the audit committee of the Board to determine their remuneration.
8. To consider, confirm, rectify and approve the following matters under the TBEA Products Procurement Framework Agreement entered into by the Company and TBEA Co., Ltd. (“TBEA”):
 - i. Continuing connected transactions during the year ended 31 December 2015, among which, the total relevant transaction amounted to RMB389,533,636.
 - ii. Revised annual caps as of 31 December 2016 and 31 December 2017.

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTIONS

To consider and approve the following matter as special resolution:

9. To consider and approve the granting of a general mandate to the Board to issue, allot and deal with additional domestic shares and/or H Shares not exceeding 20% of each of the total number of the domestic shares and H Shares of the Company respectively in issue, and to authorize the Board to make amendments to the Articles of Association of the Company (the “**Articles**”) as it thinks fit so as to reflect the new share capital structure upon the allotment or issue of additional shares pursuant to such mandate:

“**THAT:**

- (A) (a) subject to paragraph (c) and in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles and relevant laws and regulations of the PRC, the exercise by the Board during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or deal with, either separately or concurrently, additional domestic shares and H shares of the Company and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the Board during the Relevant Period (as hereinafter defined) to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the expiration of the Relevant Period;
- (c) each of the total number of domestic shares and H Shares allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to an option or otherwise) by the Board pursuant to the approval granted in paragraph (a) shall not exceed 20% of each of the total number of domestic shares and H Shares of the Company respectively in issue as at the date of passing of this resolution;
- (d) the Board will only exercise the above powers in accordance with the Company Law of the PRC and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) and only if all necessary approvals from the China Securities Regulatory Commission and/or other relevant PRC government authorities are obtained; and
- (e) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or other applicable laws to be held; or

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the date of revocation or variation of the authority given under this resolution by a special resolution of the Company in a general meeting.
- (B) the Board be authorized to make amendments to the Articles as necessary so as to reflect the new share capital structure of the Company upon the allotment or issue of shares pursuant to this resolution.”
10. To consider and approve the issuance of the short term financing debentures with a registered principal amount in aggregate of not exceeding RMB1 billion (including RMB1 billion) in the PRC, and according to the requirement of the Company and market condition, to issue in separate tranches on a rolling basis within the effective registration period; to authorize the Board to deal with all such matters relating to the registration and issue of the aforementioned short term financing debentures at their full discretion, subject to relevant laws and regulations; and to approve the delegation of the authority by the Board to the management of the Company to deal with all such specific matters relating to the issue of the aforementioned short term financing debentures within the scope of authorization above.
11. To consider and approve the issuance of the medium term notes with a registered principal amount in aggregate of not exceeding RMB1 billion (including RMB1 billion) in the PRC, and according to the requirement of the Company and market condition, to issue in separate tranches on a rolling basis within the effective registration period; to authorize the Board to deal with all such matters relating to the registration and issue of the aforementioned medium term notes at their full discretion, subject to relevant laws and regulations; and to approve the delegation of the authority by the Board to the management of the Company to deal with all such specific matters relating to the issue of the aforementioned medium term notes within the scope of authorization above.
12. To consider and approve the resolution of the amendments to the Articles of Association.

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

Xinjiang, PRC, 29 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. **Important:** A circular setting out further details of the resolutions, the form of proxy and the AGM reply slip will be dispatched and published by the Company in due course. The Company will also dispatch and publish the Company's annual report for 2015 in due course. Shareholders of the Company ("Shareholders") who wish to appoint a proxy to attend and vote at the AGM shall first read the Company's annual report for 2015 published on the websites of The Stock Exchange of Hong Kong Limited and the Company, or dispatched to relevant Shareholders. The annual report for 2015 includes the Report of Board of Directors for the year 2015, the Report of Supervisory Board for the year 2015, the audited financial accounts and the auditor's report for the year 2015, etc.
2. In order to determine the holders of shares who are eligible to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 17 May 2016 to Thursday, 16 June 2016, both days inclusive. To be eligible to attend and vote at the AGM, unregistered holders of H Shares of the Company shall lodge share transfer documents with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 16 May 2016.

In order to determine the holders of shares who are entitled to receive the proposed 2015 final dividend, the register of members of the Company will be closed from Thursday, 23 June 2016 to Tuesday, 28 June 2016, both days inclusive. To be eligible to receive the final dividend for the year ended 31 December 2015 (subject to the approval of the Shareholders), unregistered holders of H Shares of the Company shall lodge share transfer documents with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 22 June 2016.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force on 1 January 2008 and other relevant rules, where the Company distributes the proposed 2015 final dividend to non-resident enterprise Shareholders whose names appear on the register of members for H Shares of the Company, it is required to withhold enterprise income tax at the rate of 10%. Any H shares registered in the name of non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organizations or groups, will be treated as shares being held by non-resident enterprise Shareholders, and consequently will be subject to the withholding of the enterprise income tax.

According to regulations by the State Administration of Taxation (Guo Shui Han [2011] No. 348) and relevant laws and regulations, if the individual holders of H shares are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these Shareholders. If the individual holders of H shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the relevant tax treaty. If the individual holders of H shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual holders of H shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these Shareholders.

NOTICE OF ANNUAL GENERAL MEETING

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81), for dividends received by domestic individual investors from investing in H shares listed on The Stock Exchange of Hong Kong Limited through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on The Stock Exchange of Hong Kong Limited through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

The Company will determine the resident status of the individual H Shares shareholders based on the registered address as recorded in the register of members of the Company on Tuesday, 28 June 2016 (the “Registered Address”). If the resident status of any individual H Share Shareholder is not in consistency with that indicated by the Registered Address, such individual H Share Shareholder shall notify the Company’s H share registrar not later than 4:30 p.m. on Wednesday, 22 June 2016, and provide relevant supporting documents to the Company’s H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. Any individual H Share Shareholder who fails to provide relevant supporting documents within the time period stated above, may either personally or appoint an agent to attend to the relevant procedures in accordance with the requirements under the tax treaty notice.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H shares shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H shares shareholders or any disputes over the withholding mechanism or arrangements.

3. A Shareholder entitled to attend and vote at the AGM may appoint one or more proxies (whether he/she is a Shareholder) to attend and vote at the AGM on his, her or its behalf.
4. The instrument to appoint a proxy shall be signed by the appointer or his/her attorney duly authorized in writing or, in the case of a legal person, must be either executed under its common seal or under the hand of its director or attorney duly authorized.
5. To be valid, the form of proxy must be lodged with the Company’s H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H shares of the Company) or the Company’s Board secretary office (for holders of domestic shares of the Company) not less than 24 hours prior to the holding of the AGM. If such instrument is signed by another person under a power of attorney or other authorization documents given by the appointer, such power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the form of proxy, be deposited at the specified place at the time set out in such form of proxy.
6. If the appointer is a legal person, its legal representative or any person authorised by resolutions of its board or other governing bodies may attend the AGM on behalf of the appointer.
7. The Company has the rights to request a Shareholder or a proxy who attends the AGM on behalf of a Shareholder to provide proof of identity.

NOTICE OF ANNUAL GENERAL MEETING

8. Shareholders who intend to attend the AGM in person or by proxy shall return the AGM reply slip to the Company's Board secretary office in the PRC (for holders of domestic shares of the Company) by hand, by post or by fax, or return the AGM reply slip to the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by hand or by post (for holders of H shares of the Company) on or before Thursday, 26 May 2016.
9. The AGM is expected to take less than half a day. Shareholders who attend the AGM shall be responsible for their own travel and accommodation expenses.
10. The contact of the Company is as follows:

Address:

No. 399, South Changchun Road, Urumqi,
Xinjiang, PRC
Contact person: Ms. Zhang Juan
Telephone number: +86-991-3665888