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新特能源

XINTE ENERGY CO., LTD.

新特能源股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1799)

ANNOUNCEMENT

INSIDE INFORMATION

36,000-TON-PER-ANNUM HIGH-PURITY POLYSILICON PRODUCTION UPGRADE PROJECT

This announcement is made by the Company under Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 27 February 2018, the Board passed a resolution to implement a 36,000-ton Polysilicon Project. Since the investment amount of this 36,000-ton Polysilicon Project is expected to exceed 10% of the Company's audited net assets of the latest financial year, it is subject to approval by the Shareholders in accordance with the Articles of Association. The details of the 36,000-ton Polysilicon Project are as follows:

Background of the Project

The Company is a globally leading producer of polysilicon. In order to enhance the Company's core competitiveness, implement its competitive resource conversion strategies, and fully utilise its scale effect to lower costs and increase profitability, the Company intends to invest in the construction of a 36,000-ton Polysilicon Project, which, upon completion, will increase the Company's total annual polysilicon production capacity to 66,000 tons.

Details of the Project

To seize the market by taking the opportunity of the rapidly developing photovoltaic industry, as well as to meet the growing market demand of the Company for low-cost and high-quality polysilicon, the Company plans to implement the 36,000-ton Polysilicon Project. This is to ensure and consolidate the Company's leading position in the industry by continuous improvement of its polysilicon production capacity and quality and further lowering of its costs.

The total investment of the Project amounts to RMB4,065,000,000, and the capital amount accounts approximately for 30% of the total investment (i.e. RMB1,200,000,000), which will be contributed by the proposed investor of the Company. The other construction funds required for the Project will be supported by other means such as bank loans and finance leases.

The Company intends to introduce investors and jointly establish a project company for the implementation of the Project. The planned registered capital of the project company is RMB1,200,000,000. The Company plans to contribute to approximately 70% of the registered capital of the project company. The proposed investors will contribute to approximately 30% of the registered capital of the project company. In the event that the proposed investors do not contribute sufficient capital, the remaining portion of the registered capital will be funded by the Company. As at the date of this announcement, the Company has not yet selected any strategic investor for the joint implementation of the Project, or reached an agreement with any proposed strategic investor on any substantive terms of cooperation. If the Company has reached an agreement with any independent strategic investor in relation to the establishment of the project company, an announcement will be made by the Company as and when appropriate according to the requirements of the Listing Rules.

Reasons for and Benefits of Implementing the 36,000 ton Polysilicon Project

The cost of electricity accounts for a significant part of the production cost of polysilicon. At present, the Company owns a 2×350MW self-owned power plant, and by taking advantage of the low-cost coal supply from coal resources-abundant Xinjiang, the low-cost electricity can reduce the Company's production costs and can enhance the Company's competitiveness in the production of polysilicon. The 36,000 ton-per-annum Polysilicon Project is expected to increase the production capacity, increase the power generation hours of the self-owned power plant and allow full utilisation of its power generated. These will further drive down the unit production cost of polysilicon, enhance product competitiveness and maximise the Company's overall benefits. The Company has nearly ten years of polysilicon production and management experience, has mastered the improved polysilicon production technology and skills, and has trained up a team with good experience in technology transformation, project management, research and development, production and safety management. They play indispensable roles in the production management process. In addition, the implementation of the Project facilitates the interactive advantage of the Company's upstream and downstream industry chain, forming strategic cooperative relationship with enterprises in the industry and realising the effect of synergistic development of the upstream and downstream and enjoying a magnificent advantage in the industry chain.

The Directors (including independent non-executive Directors) consider the implementation of the Project will be beneficial for the Company to utilise its advantages in resources and in the industry chain, as a result enhancing its competitiveness, facilitating the transformation of its advantage in resources to economic advantage, enabling full utilisation of its scale effect to lower production costs and improved profitability, all of which are beneficial to the healthy, long-term and sustainable development of the Company's new energy businesses, and in the interest of the Company and the Shareholders as a whole.

Information of the Company

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

Implications of the Listing Rules

As the Company's business includes mainly the production of polysilicon, and engineering and construction contracting service for photovoltaic and wind power projects, the Company's implementation of the Project is for the use in daily business operation of the Group. As a result, the 36,000-ton Polysilicon Project does not constitute a discloseable transaction under Chapter 14 of the Listing Rules, nor does it constitute a connected transaction under Chapter 14A of the Listing Rules. During the implementation of the Project, if the agreement signed between the Company and other suppliers or investors meets the disclosure requirements, announcement(s) will be made upon the entering into the relevant contracts in accordance with the Listing Rules (if required).

In accordance with the Articles of Association, where the investment amount accounts for or exceeds 10% of the Company's last audited net assets, the appropriation of investment is subject to the approval of the Shareholders in the general meeting of the Company. As the total investment amount in this 36,000-ton Polysilicon Project is estimated to exceed 10% of the Company's audited net assets of the latest financial year, a shareholders' meeting shall be convened and approval from the Shareholders in the general meeting of the Company should be obtained in accordance with the Articles of Association.

The Company's Directors (including independent non-executive Directors) consider that the investment in the 36,000-ton Polysilicon Project is conducive to enhancing the profitability and competitiveness of the Company and in the interests of the Company and the Shareholders as a whole. None of the Directors has any material interest in the 36,000-ton Polysilicon Project. The Board has convened an onsite meeting, at which the Directors (including the independent non-executive Directors) unanimously passed the resolution in relation to the 36,000-ton Polysilicon Project.

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, none of the Shareholders has any material interests in the 36,000-ton Polysilicon Project. As a result, none of the Shareholders will be required to abstain from voting at the general meeting convened by the Company for voting on the 36,000-ton Polysilicon Project. A circular containing further details on the arrangements of the 36,000-ton Polysilicon Project and a notice to convene an extraordinary general meeting for the approval of the implementation of the Project are expected to be despatched to the Shareholders of the Company later.

Definitions

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

“36,000-ton Polysilicon Project” or “the Project”	to invest in the construction of a 36,000-ton-per-annum high-purity polysilicon production upgrade project
“Articles of Association”	the articles of association adopted by the Company
“Board” or “Board of Directors”	the Board of Directors of the Company
“China”, “PRC” or “Country”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”, “we” or “us”	Xinte Energy Co., Ltd. (新特能源股份有限公司), a joint stock company with limited liability incorporated under the laws of the PRC on 16 October 2012 and except where the context indicates otherwise in respect of the period before our Company become the holding company of our present subsidiaries, the present subsidiaries of our Company and the business carried on by such subsidiaries or (as the case may be) their respective predecessors
“Controlling Shareholder(s)”	has the same meaning as ascribed to it under the Hong Kong Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the Company’s share capital, with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange” or The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”

“subsidiary” or “subsidiaries” has the meaning as ascribed to it under Hong Kong Listing Rules

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

Xinjiang, PRC
27 February, 2018

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