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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)**

## **INSIDE INFORMATION**

### **100,000-TON-PER-ANNUM HIGH-PURITY POLYSILICON GREEN ENERGY CIRCULAR ECONOMY CONSTRUCTION PROJECT**

This announcement is made by the Company pursuant to 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).

Reference is made to the announcement of the Company dated 8 February 2021 in relation to the entering into of the Investment Framework Agreement.

On 1 March 2021, the Board considered and approved a resolution to proceed with the 100,000-ton Polysilicon Project. As the amount involved in the 100,000-ton Polysilicon Project is expected to exceed the Board's authority, it is subject to the Shareholders' approval according to the Articles of Association.

#### **Background of the Project**

In order to seize the rapid development opportunities of the global PV industry, further enhance the Group's core competitiveness in the new energy industry and increase profitability, the Company intends to proceed with the 100,000-ton Polysilicon Project to consolidate the Company's leading position in the industry by improving its polysilicon production capacity and quality and further lowering its costs.

#### **Details of the Project**

The Company intends to proceed with the Project through Inner Mongolia Xinte. Upon completion of the Project, the Group's annual polysilicon production capacity will increase by 100,000 tonnes. The total amount of the Project will be approximately RMB8.799 billion (tax inclusive), and the capital will be RMB5 billion.

The Company will pay for the amounts required for the Project using its own funds, external funding, introduction of independent strategic investors, bank loans or finance leases.

### **Reasons for and Benefits of Implementing the Project**

Polysilicon is a technology-intensive industry. Polysilicon products are mainly used in the PV industry and the electronic information industry, which belong to the PRC new energy industry and strategic emerging industry, respectively. Developing the PV industry is an important way to realize the adjustment of the energy structure. As the cost of PV power generation is reduced year by year and the grid parity is achieved, the competitive advantage of PV power generation has become more and more distinct and it has gradually become one of the ways for countries to adjust their energy structure, ensure energy supply, and realize the future of “peak carbon dioxide emissions and carbon neutrality”, indicating broad market prospects in the future. As the basic raw material of the PV industry, it is expected that the demand of polysilicon will increase significantly.

Furthermore, production of polysilicon is a high energy consumption industry, and electricity costs currently account for more than 30% of the polysilicon production cost. The annual electricity consumption for production of the Project exceeds 6 billion kWh, denoting large demand for electricity. The new-type industrial park zone in Tumed Right Banner is the only demonstration park with direct electricity supply in Inner Mongolia Autonomous Region, which can meet the electricity supply requirements of the Project and provide competitive electricity price for the Project. Therefore, carrying out the Project in Tumed Right Banner, Baotou City, Inner Mongolia Autonomous Region will further take advantages of scales and resources to reduce the costs and improve the competitiveness of the Group.

The Directors (including the independent non-executive Directors) consider that the Project will be beneficial to the Group as it could utilise its advantages in local resources, leveraging the long-term accumulated technology, management, product quality and customer advantages to further reduce production costs and improve product quality through technological innovation and scale production; it is also conducive to enhancing the market competitiveness of the Group’s polysilicon products and strengthening the profitability of the Group, all of which are beneficial to the healthy, long-term and sustainable development of the Group’s new energy businesses, and is in the interest of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the Project. The Directors (including the independent non-executive Directors) unanimously passed the resolution to proceed with the 100,000-ton Polysilicon Project at the Board meeting.

## **Information of the Company**

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

## **Listing Rules Implications**

As the Company's principal business activities include the production of polysilicon, and the Project is for the Group's ordinary and usual course of business, the Project does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules; and it also does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. If any agreement entered into between the Company and any supplier or investor during the implementation of the Project shall be disclosed in accordance with the requirements of the Listing Rules, further announcement(s) will be published upon the entering into of such agreements.

As the amount involved in the 100,000-ton Polysilicon Project is expected to exceed the Board's authority, a general meeting shall be convened by the Company to seek the Shareholders' approval according to the Articles of Association.

To the best of the Board's knowledge, information and belief after making all reasonable enquiries, as at the date of this announcement, none of the Shareholders has any material interest in the 100,000-ton Polysilicon Project, hence none of them will be required to abstain from voting at the general meeting to be convened by the Company to approve the 100,000-ton Polysilicon Project. A circular containing further details on the 100,000-ton Polysilicon Project and the notice to convene a general meeting to approve the implementation of the 100,000-ton Polysilicon Project will be despatched to the Shareholders in due course.

**Shareholders and potential investors of the Company should exercise caution, and solely rely on information published by the Company, when they deal or contemplate dealing in any securities of the Company. If in doubt as to their positions or the actions to be taken, Shareholders and potential investors of the Company are recommended to consult their professional advisers. This announcement is for information only and does not constitute an invitation or offer to purchase or subscribe for securities of the Company.**

## Definitions

“100,000-ton Polysilicon Project” or “the Project”	the 100,000-ton-per-annum high-purity polysilicon green energy circular economy construction project in Shangejia Chemical Park, a new-type industrial park zone in Tumend Right Banner, Baotou City, Inner Mongolia Autonomous Region, PRC
“Articles of Association”	the articles of association adopted by the Company
“Board”	the board of directors of the Company
“Company”	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 20 February 2008
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Inner Mongolia Xinte”	Inner Mongolia Xinte Silicon Materials Co., Ltd* (內蒙古新特硅材料有限公司), a company established under the laws of the PRC with limited liability on 9 February 2021 and a wholly-owned subsidiary of the Company as at the date of this announcement
“Investment Framework Agreement”	the investment framework agreement entered into between the Company, the Baotou Municipal Government and the Tumend Right Banner Government on 8 February 2021
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	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

“PV”	photovoltaic
“RMB”	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) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Xinjiang, PRC  
1 March 2021

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

\* *For identification purpose only*