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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)

CONNECTED TRANSACTION ENTERING INTO PROPERTY SALE AND PURCHASE AGREEMENT

THE PROPERTY SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 26 August 2022, Inner Mongolia Xinte, a subsidiary of the Company, entered into the Property Sale and Purchase Agreement with Baotou Kangyang Real Estate to purchase 68 units of commercial housing with basements as the staff dormitories of Inner Mongolia Xinte at a total consideration of RMB34,607,200.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Zhang Xin, a Director, directly and indirectly holds 64.12% interest in Xinjiang Tebian, therefore, Xinjiang Tebian is a 30%-controlled company of Mr. Zhang Xin. Baotou Kangyang Real Estate is a wholly-owned subsidiary of Xinjiang Tebian, thus is a connected person of the Company. Hence, the transaction between Inner Mongolia Xinte and Baotou Kangyang Real Estate constitutes a connected transaction of the Company.

As the Previous Property Sale and Purchase Agreement and the Property Sale and Purchase Agreement are both entered into within a 12-month period, and between the same parties, according to Rule 14A.81 of the Listing Rules, the respective transactions contemplated under them are required to be aggregated and treated as if they were one transaction. As the highest applicable percentage ratio in respect of the Property Sale and Purchase Agreement and the Previous Property Sale and Purchase Agreement, when aggregated, exceeds 0.1% but is less than 5%, the entering into the Property Sale and Purchase Agreement and the transaction contemplated thereunder is subject to the reporting, annual review and announcement requirements, but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 11 April 2022 in relation to entering into the Previous Property Sale and Purchase Agreement.

BACKGROUND

According to the business needs and business development plan of the Company, in order to ensure that the 100,000-ton Polysilicon Project in Inner Mongolia could smoothly achieve the quality and production capacity and maintain stable operation, to meet accommodation needs of newly recruited employees of Inner Mongolia Xinte and to improve their living standards, on 26 August 2022, Inner Mongolia Xinte, a subsidiary of the Company, entered into the Property Sale and Purchase Agreement with Baotou Kangyang Real Estate to purchase 68 units of commercial housing with basements as the staff dormitories of Inner Mongolia Xinte at a total consideration of RMB34,607,200.

THE PROPERTY SALE AND PURCHASE AGREEMENT

The principal terms of the Property Sale and Purchase Agreement are summarized as follows:

Date: 26 August 2022

Parties: Baotou Kangyang Real Estate, as the vendor; and
Inner Mongolia Xinte, as the purchaser

Subject Properties: 68 units of bare shell commercial housing with basements located in No. 21 Building, Happy Qingshan Community, situated at the South of Alletan Avenue, North of Sci-tech Street, East of 4th Road and West of 5th Road, Salaqi Town, Tumed Right Banner (土右旗薩拉齊鎮阿勒坦大道南側、科技大街北側、經四路東側、經五路西側幸福青山小區21號樓), with a total residential area of 8,453.08 sq.m. and a total basement area of 465.3 sq.m. (subject to the actual final measured area to be calculated). The total amount of the Subject Properties' development and construction cost and the proportional land cost of the land on which they are situated is approximately RMB33,660,200.

Pricing: With reference to the historical average transaction price of (i) the commercial housing and basements in the current residential communities in Tumed Right Banner with the comparable quality, geographical location or community environment as the Subject Properties; (ii) the market-oriented sales of other commercial housing and basements in the community where the Subject Properties located; and (iii) the average prices of commercial housing and basements in No. 11 Building and No. 12 Building of the same community previously purchased by Inner Mongolia Xinte as the expert apartments, and after comparing the location, surrounding environment, layout, pattern, etc. between the Subject Properties and No. 11 Building and No. 12 Building of the same community, it is determined that the average prices of the Subject Properties in No. 21 Building and the basements will be RMB4,050 per sq.m. and RMB800 per sq.m. respectively.

Total consideration: RMB34,607,200.

Payment arrangement and ownership registration: Inner Mongolia Xinte shall pay 50% of the total consideration in cash by 30 September 2022 and pay the remainder in cash by 31 December 2022, which will be funded by internal resources. Inner Mongolia Xinte shall pay the ownership registration fees upon entering into the separate commercial property sale and purchase agreement and transfer agreement on use-of-rights of basement with Baotou Kangyang Real Estate on each unit basis, and pay deed tax and maintenance funds at the time of delivering the Subject Properties. Baotou Kangyang Real Estate shall apply for the relevant ownership certificates upon the receipt of the relevant payment.

Term of delivery: Baotou Kangyang Real Estate shall deliver the Subject Properties to Inner Mongolia Xinte by 30 September 2022 in accordance with the relevant government regulations.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY SALE AND PURCHASE AGREEMENT

It is expected that the 100,000-ton Polysilicon Project in Inner Mongolia will achieve quality and production capacity in the fourth quarter of 2022. Inner Mongolia Xinte has introduced various experts and employees needed for the production and operation according to its business needs and business development plan and has constructed two staff apartment buildings which could accommodate 993 employees. However, there are approximately 200 employees still needs to rent house from public market for accommodation. According to the estimation of Inner Mongolia Xinte, purchasing the Subject Properties is more cost-saving than constructing more staff apartment buildings, which can meet the accommodation needs of the employees in advance and ensure personnel stability.

Purchase of the Subject Properties by Inner Mongolia Xinte as staff dormitories will be beneficial to ensure the Group's talents team building for the 100,000-ton Polysilicon Project in Inner Mongolia and create a better living environment for staff to achieve a harmonious and stable living and working atmosphere, which is conducive for the Group to realize strategic objectives and achieve its healthy, long-term, and sustainable development.

The Directors (including the independent non-executive Directors) are of the view that even though the Property Sale and Purchase Agreement and the transaction contemplated thereunder are not conducted in the Group's ordinary and usual course of business, they are necessary for the Group's daily operation and are entered into on normal commercial terms, and that the terms are fair and reasonable, and in the interests of the Company and Shareholders as a whole. Mr. Zhang Xin, a Director who is indirectly interested in Baotou Kangyang Real Estate through Xinjiang Tebian, is deemed to have material interest and has abstained from voting at the Board meeting with respect to the resolution in relation to the entering into the Property Sale and Purchase Agreement. Save as disclosed above, none of the Directors has a material interest in the Property Sale and Purchase Agreement and the transaction contemplated thereunder.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Zhang Xin, a Director, directly and indirectly holds 64.12% interest in Xinjiang Tebian, therefore, Xinjiang Tebian is a 30%-controlled company of Mr. Zhang Xin. Baotou Kangyang Real Estate is a wholly-owned subsidiary of Xinjiang Tebian, thus is a connected person of the Company. Hence, the transaction between Inner Mongolia Xinte and Baotou Kangyang Real Estate constitutes a connected transaction of the Company.

As the Previous Property Sale and Purchase Agreement and the Property Sale and Purchase Agreement are both entered into within a 12-month period, and between the same parties, according to Rule 14A.81 of the Listing Rules, the respective transactions contemplated under them are required to be aggregated and treated as if they were one transaction. As the highest applicable percentage ratio in respect of the Property Sale and Purchase Agreement and the Previous Property Sale and Purchase Agreement, when aggregated, exceeds 0.1% but is less than 5%, the entering into the Property Sale and Purchase Agreement and the transaction contemplated thereunder is subject to the reporting, annual review and announcement requirements, but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION OF THE PARTIES

Baotou Kangyang Real Estate is a company incorporated in the PRC with limited liability on 31 May 2021, with a registered capital of RMB30 million as at the date of this announcement, and its principal businesses are the development and operation of properties and construction engineering design. As at the date of this announcement, to the best knowledge of the Company, Mr. Zhang Xin, Mr. Chen Weilin and the remaining eight individual Shareholders indirectly hold 64.12%, 32.95% and 2.93% equity interest in Baotou Kangyang Real Estate through Xinjiang Tebian, respectively. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Mr. Chen Weilin and the remaining eight individual Shareholders are not connected persons of the Company nor connected with the connected persons of the Company.

Inner Mongolia Xinte is a company incorporated in the PRC with limited liability on 9 February 2021, with a registered capital of RMB3.5 billion as at the date of this announcement, and its principal businesses are the production, research and development and sales of high-purity polysilicon. As at the date of this announcement, the Company directly holds 82% equity interest in Inner Mongolia Xinte.

DEFINITIONS

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

“100,000-ton Polysilicon Project in Inner Mongolia”	the 100,000-ton-per-annum high-purity polysilicon green energy circular economy construction project in Inner Mongolia
“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Baotou Kangyang Real Estate”	Baotou TBEA Kangyang Real Estate Co., Ltd.* (包頭特變電工康養置業有限責任公司), a company incorporated in the PRC with limited liability on 31 May 2021, a wholly-owned subsidiary of Xinjiang Tebian as at the date of this announcement
“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 in the PRC on 20 February 2008
“Connected Transaction(s)”	has the meaning ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) 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 incorporated in the PRC with limited liability on 9 February 2021, the Company holds 82% of its equity interest as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC” or “People’s Republic of China”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Previous Property Sale and Purchase Agreement”	the property sale and purchase agreement entered into between Inner Mongolia Xinte and Baotou Kangyang Real Estate on 11 April 2022
“Property Sale and Purchase Agreement”	the property sale and purchase agreement entered into between Inner Mongolia Xinte and Baotou Kangyang Real Estate on 26 August 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Properties”	68 units of commercial housing with basements to be purchased by Inner Mongolia Xinte under the Property Sale and Purchase Agreement
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tumed Right Banner”	the Tumed Right Banner, Baotou City, Inner Mongolia Autonomous Region, the PRC
“Xinjiang Tebian”	Xinjiang Tebian (Group) Co., Ltd.* (新疆特變電工集團有限公司), a company incorporated in the PRC with limited liability on 27 January 2003
“%”	per cent

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

Xinjiang, the PRC
26 August 2022

As at 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, Mr. Huang Hanjie and Ms. Guo Junxiang as non-executive Directors; and Mr. Cui Xiang, Mr. Chen Weiping and Mr. Tam, Kwok Ming Banny as independent non-executive Directors.

* *For identification purpose only*