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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 LITIGATION INVOLVING A SUBSIDIARY

This announcement is made by Xinte Energy Co., Ltd. (the “**Company**”) pursuant to the Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company was informed by TBEA Xinjiang New Energy Company Limited* (特變電工新疆新能源股份有限公司) (“**Xinjiang New Energy**”), a subsidiary of the Company, that it recently received a notice to respond to action* (應訴通知書) issued by the Second Intermediate People's Court of Beijing Municipality (the “**Court**”), regarding the dispute between Huaxia Financial Leasing Co., Ltd.* (華夏金融租賃有限公司) (“**Huaxia Financial Leasing**”, as plaintiff) and Xinjiang New Energy, Xuyi High Drive Wind Power Co., Ltd.* (盱眙高傳風力發電有限公司) (“**Xuyi High Drive**”), and other independent third parties (as defendants) (the “**Dispute**”).

In January 2017, Xinjiang New Energy entered into a construction agreement with Xuyi High Drive, stipulating that Xinjiang New Energy shall undertake the general construction of the 99MW Integration Wind Power Project at Guanyin Temple Sanhe Farm Guantan Wind Power Plant of Xuyi High Drive (盱眙高傳觀音寺三河農場官灘風電場99MW 整裝風電工程) (the “**Project**”).

In May 2017, Xuyi High Drive entered into a finance lease agreement with Huaxia Financial Leasing, and carried out financial leasing business for the Project, with a total lease principal of RMB600 million. Huaxia Financial Leasing also entered into a transfer agreement with Xuyi High Drive and Xinjiang New Energy, stipulating that Huaxia Financial Leasing will undertake the payment obligation for the procurement of the major equipment, components and materials for the Project and obtain the Project's ownership after its completion; whilst other rights and obligations under the construction agreement shall continue to be fulfilled by Xuyi High Drive and Xinjiang New Energy in accordance with the construction agreement. If the equipment delivered by Xinjiang New Energy is seriously inconsistent with the construction agreement and the contractor's requirements, resulting in the failure of the finance lease agreement, and Huaxia Financial Leasing terminates the transfer agreement accordingly, Huaxia Financial Leasing is entitled to request Xinjiang New Energy to refund the principal and interest of the finance lease paid by it.

As of the date of this announcement, construction of the Project was suspended due to the lack of construction condition resulting from Xuyi High Drive's failure to timely handle the relevant procedures according to the regulations etc.. Huaxia Financial Leasing filed a claim to the Court on the ground that the equipment delivered by Xinjiang New Energy was inconsistent with those stipulated in the construction agreement, and seeks to recover the principal of the finance lease of RMB600 million together with the interest, litigation and preservation fees from Xinjiang New Energy.

As at the date of this announcement, the trial for the Dispute has not commenced. The Company will closely monitor the Dispute and evaluate its impact on the Company, and provide shareholders and potential investors with the latest information on the development of the Dispute as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Xinjiang, the PRC
20 May 2020

As at the date of this announcement, the Board of the Company 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*