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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).

Reference is made to the announcement dated 20 May 2020 in relation to the litigation of a subsidiary of the Company (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning in the Announcement. The Company would like to provide latest information on the Dispute.

The Board was informed by Xinjiang New Energy that it filed a lawsuit with the Intermediate People's Court of Huaian, Jiangsu (the “**Intermediate People's Court of Huaian**”) against Xuyi High Drive and other independent third parties, and has recently received the Notice of Acceptance issued by the Intermediate People's Court of Huaian.

In January 2017, Xinjiang New Energy entered into a construction agreement (the “**Construction Agreement**”) with Xuyi High Drive, stipulating that Xinjiang New Energy shall undertake the general construction of 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.

Afterwards, construction of the Project was suspended due to the lack of construction condition resulting from Xuyi High Drive's failure to timely provide the approval documents required for construction of the Project, and the project payment of RMB130,488,063.62 payable to Xinjiang New Energy has not been paid as at the date of filing the lawsuit with the Intermediate People's Court of Huaian. Meanwhile, while performing the Construction Agreement, as Xinjiang New Energy failed to fully deliver the wind turbines in time due to the prolonged suspension of the Project, Huaxia Financial Leasing has filed a lawsuit against Xinjiang New Energy as one of the defendants with the Second Intermediate People's Court of Beijing Municipality (the "**Intermediate Court of Beijing**"). Huaxia Financial Leasing sought the termination of the transfer agreement and asked Xinjiang New Energy to return the principal amount for equipment procurement of RMB 600 million together with accrued interest.

As at the date of this announcement, the lawsuit on the Dispute brought to Intermediate Court of Beijing has not been formally heard. Even though Xinjiang New Energy is of the opinion that the claims from Huaxia Financial Leasing lack merit, if the Intermediate Court of Beijing ultimately decides that Xinjiang New Energy shall bear the legal responsibilities, Xuyi High Drive should compensate all the losses of Xinjiang New Energy.

Xinjiang New Energy filed a lawsuit against Xuyi High Drive and other defendants with the Intermediate People's Court of Huaian (the "**Litigation of Intermediate People's Court of Huaian**") in relation to the aforesaid contractual disputes, and sought the Intermediate People's Court of Huaian's confirmation that (i) the Construction Agreement shall be terminated; (ii) Xuyi High Drive shall pay the project payment of RMB130,488,063.62 and the relevant liquidated damages for late payment; (iii) Xuyi High Drive shall compensate the losses of Xinjiang New Energy as a result of its breach with a tentative amount of RMB600 million (subject to the decision of Intermediate Court of Beijing); (iv) other defendants shall be jointly and severally liable for claims (ii) and (iii); (v) Xinjiang New Energy has the priority of compensation in respect of proceeds from pledged assets and pledged power fare; and (vi) Xinjiang New Energy has the priority of compensation in respect of the Project's project payment.

As at the date of this announcement, the trial for the Litigation of Intermediate People's Court of Huaian has not commenced. The Company will closely monitor the Litigation of Intermediate People's Court of Huaian and evaluate its impact on the Company, and provide shareholders and potential investors with the latest information on the development of the Litigation of Intermediate People's Court of Huaian 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
22 June 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, Ms. Guo Junxiang and Mr. Qin Xiaodong 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*