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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 LITIGATION INVOLVING A SUBSIDIARY

This announcement is made by Xinte Energy Co., Ltd. (the “**Company**”) pursuant to 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).

References are made to the announcements of the Company dated 20 May 2020, 4 December 2020 and 28 December 2020 (the “**Announcements**”) in relation to the litigation involving a subsidiary of the Company. Unless otherwise defined, capitalized terms used in this announcement shall bear the same meanings as those defined in the Announcements.

The Board was informed by Xinjiang New Energy that it filed a lawsuit (the “**Lawsuit**”) with the Second Intermediate People's Court of Beijing Municipality (the “**Intermediate People's Court of Beijing**”) against Xuyi High Drive and its holding company, Jiangsu High Drive New Energy Co., Ltd. (“**Jiangsu High Drive**”), and recently received the Notice of Acceptance issued by the Intermediate People's Court of Beijing.

As set out in the Announcements, in January 2017, Xinjiang New Energy entered into 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 the Finance Lease Agreement with Huaxia Financial Leasing, and Huaxia Financial Leasing carried out financial leasing business for the Project, with a total lease principal of RMB600 million. Huaxia Financial Leasing also entered into the 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 ownership of such assets upon completion of the Project; 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.

Xinjiang New Energy also entered into the Creditor's Rights Transfer Arrangement with Huaxia Financial Leasing, pursuant to which, Huaxia Financial Leasing transferred all expired and undue creditor's rights under the Finance Lease Agreement and those to be incurred upon termination of the Finance Lease Agreement (if terminated), and security rights against all creditor's rights under the Financial Lease Agreement, including 100% equity interest in Xuyi High Drive, the Revenue and accounts receivables, to Xinjiang New Energy at a consideration of RMB600,418,154.29.

As at the date of this announcement, Xuyi High Drive's due and outstanding lease payables under the Finance Lease Agreement was RMB57,301,380.90, hence Xinjiang New Energy is entitled to demand the payment of all due and outstanding lease payables/pre-leasing interest, undue lease payables, liquidated damages for late payment, retention payment and other payables from Xuyi High Drive.

Xinjiang New Energy filed the Lawsuit as Xuyi High Drive failed to pay the payables for finance lease as agreed, and sought the Intermediate People's Court of Beijing order that (i) Xuyi High Drive shall pay the due and outstanding lease payables of RMB57,301,380.90, all undue lease payables of RMB813,402,747.68 and corresponding liquidated damages for late payment, retention payment and legal cost (the "Payments"); (ii) Xinjiang New Energy is entitled to set off the Payments from the deposit of RMB36,378,000.00 paid by Xuyi High Drive; (iii) Jiangsu High Drive shall be jointly and severally liable for the Payments; (iv) Xinjiang New Energy has the priority of compensation for the Payments in respect of (a) discounted price of Xuyi High Drive's equity interest or proceeds from auction or disposal; (b) the Revenue and relevant rights to earnings; and (c) discounted price of the related construction land use rights or proceeds from auction or disposal, all of which were pledged or mortgaged by Jiangsu High Drive or Xuyi High Drive; and (v) the litigation and property preservation fees shall be borne by Xuyi High Drive and Jiangsu High Drive.

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

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

Xinjiang, the PRC
3 March 2021

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.