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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  
SETTLEMENT OF LITIGATION INVOLVING A SUBSIDIARY;  
AND  
DISCLOSEABLE TRANSACTION  
ENTERING INTO THE CREDITOR'S RIGHTS  
TRANSFER ARRANGEMENT**

The Board hereby announces that Xinjiang New Energy and Huaxia Financial Leasing entered into the Settlement Arrangement and Creditor's Rights Transfer Arrangement. Pursuant to these arrangements, Xinjiang New Energy will obtain all the creditor's rights and related security rights under the Finance Lease Agreement, and shall pay RMB600,418,154.29 to Huaxia Financial Leasing as the consideration. As of the date of this announcement, Xinjiang New Energy has paid the full amount of related consideration, and Xinjiang New Energy has received the "Civil Ruling Paper" issued by the Court, confirming that Huaxia Financial Leasing has withdrawn the lawsuit. The litigation between Xinjiang New Energy and Huaxia Financial Leasing was terminated after the withdrawal of the lawsuit.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined under the Listing Rules) for the Creditor's Rights Transfer Arrangement exceeds 5% but is below 25%, the Creditor's Rights Transfer Arrangement and the transactions contemplated thereunder constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules.

**The Company may not be able to fully recover all of the creditor's rights as stipulated in the Creditor's Rights Transfer Arrangement. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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) under 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 20 May 2020 in relation to the litigation of a subsidiary of the Company.

The Board was informed by Xinjiang New Energy that the Dispute has been settled, and Xinjiang New Energy and Huaxia Financial Leasing entered into the Settlement Arrangement and Creditor's Rights Transfer Arrangement. Pursuant to these arrangements, Xinjiang New Energy will obtain all the creditor's rights and related security rights under the Finance Lease Agreement, and shall pay RMB600,418,154.29 to Huaxia Financial Leasing as the consideration. As of the date of this announcement, Xinjiang New Energy has paid the full amount of related consideration, and Xinjiang New Energy has received the "Civil Ruling Paper" issued by the Court, confirming that Huaxia Financial Leasing has withdrawn the lawsuit. The litigation between Xinjiang New Energy and Huaxia Financial Leasing was terminated after the withdrawal of the lawsuit.

The principal terms of the Settlement Arrangement and the Creditor's Rights Transfer Arrangement are as follow:

## **1. Settlement Arrangement**

**Parties:** Xinjiang New Energy and Huaxia Financial Leasing

### **Subject Matter:**

1. Huaxia Financial Leasing transferred all its creditor's rights and related security rights under the Finance Lease Agreement to Xinjiang New Energy. Please refer to the section headed "Creditor's Rights Transfer Arrangement" in this announcement for further details. When Xinjiang New Energy pays the consideration for the transfer of creditor's rights to Huaxia Financial Leasing in accordance with the arrangement, Huaxia Financial Leasing shall apply to the Court to withdraw its lawsuit in relation to the Project and release all judiciary security measures against the equity interest and assets of Xuyi High Drive.
2. After Xinjiang New Energy pays the full amount of the relevant consideration to Huaxia Financial Leasing, the two parties have no other disputes over the Project. Huaxia Financial Leasing shall not claim against Xinjiang New Energy any rights under the Transfer Agreement it signed with Xuyi High Drive and Xinjiang New Energy.

## **2. Creditor's Rights Transfer Arrangement**

**Parties:** Xinjiang New Energy and Huaxia Financial Leasing

### **Subject Matter**

All creditor's rights and related security rights that have expired and not expired under the Finance Lease Agreement and after the termination of the Finance Lease Agreement (if it occurs) which Huaxia Financial Leasing is entitled to, including but not limited to:

1. The remaining lease principal amount of RMB588,796,835.43 and the due and outstanding lease interest of RMB11,621,318.86 for the Project. The lease principal amount, subsequent lease interest and other payables shall be calculated and paid in accordance with the Finance Lease Agreement;
2. The joint liability guarantee provided by Xuyi High Drive's other related parties, which are parties independent of the Company and its connected persons, for all the debts of Xuyi High Drive under the Finance Lease Agreement;
3. The share pledge provided by the controlling shareholder of Xuyi High Drive, a party independent of the Company and its connected persons, for all the debts of Xuyi High Drive under the Finance Lease Agreement with the entire equity interest of Xuyi High Drive held by it; and
4. The Project's tariff and accounts receivable pledged by Xuyi High Drive to secure all of its debts under the Finance Lease Agreement.

### **Consideration and payment terms**

The total consideration that shall be paid by Xinjiang New Energy for the transfer of creditor's rights and related security rights is RMB600,418,154.29, which is equal to the value of the creditor's rights when the Creditor's Rights Transfer Arrangement was concluded. The total consideration shall be funded by internal resources of the Group.

When Xinjiang New Energy pays the transfer consideration to Huaxia Financial Leasing, Huaxia Financial Leasing shall withdraw the lawsuit in relation to the Project from the Court.

The consideration was determined by both parties after fair negotiation and by making reference to the carrying value on the day when the Creditor's Rights Transfer Arrangement was concluded and the possibility of successful recovery. The Directors believe that the consideration for the transfer of the creditor's rights and related security rights is fair and reasonable.

## **INFORMATION ON THE PARTIES**

The Company is a global leader in the manufacturing of polysilicon as well as in the development and operation of wind and PV power resources. Its main businesses 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.

Xinjiang New Energy is a company established under the laws of the PRC with limited liability on 30 August 2000, and its main businesses include the development, design, construction, operation, commissioning and maintenance of wind and PV power projects. It is a subsidiary of the Company which is approximately 70.48% owned by the Company as of the date of this announcement.

Huaxia Financial Leasing is a company established under the laws of the PRC with limited liability on 28 April 2013, and is principally engaged in provision of financial leasing service. Based on publicly available records and to the best knowledge of the Directors having made all reasonable enquiries, Huaxia Financial Leasing is a subsidiary of Hua Xia Bank Co., Limited\* (華夏銀行股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600015). As of the date of this announcement, Huaxia Financial Leasing and its ultimate beneficial owners are, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, third parties independent of the Company and its connected persons.

## **FINANCIAL EFFECT OF THE CREDITOR'S RIGHTS TRANSFER ARRANGEMENT**

The entering into of the Creditor's Rights Transfer Arrangement will reduce the cash in the Group's financial statements and increase the accounts receivables under the Finance Lease Agreement, meanwhile, the Group will receive the lease principal amount and interest for repayment in accordance with the Finance Lease Agreement.

Upon completion of the Creditor's Rights Transfer Arrangement, Xinjiang New Energy will receive lease interests income of approximately RMB22.32 million annually (tax inclusive) and the interest is calculated at an interest rate of 6.37% per annum.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CREDITOR'S RIGHTS TRANSFER ARRANGEMENT AND SETTLEMENT ARRANGEMENT**

Resolving the Dispute by accepting the assignment of all creditor's rights and related security rights under the Finance Lease Agreement from Huaxia Financial Leasing reduces the amount that shall be paid by Xinjiang New Energy if it loses the lawsuit, i.e. the equipment payment and the corresponding interest, liquidated damages, preservation costs and litigation costs etc.. The related security rights under the creditor's rights will also be transferred to Xinjiang New Energy as guarantee measures for Xinjiang New Energy to collect the creditor's rights. After Xinjiang New Energy obtains all the creditor's rights and related security rights under the Finance Lease Agreement, it will actively promote the construction of the Project, and strive for the Project to be connected to the grid for power generation as soon as possible to obtain revenue from the generation of electricity, and repay Xinjiang New Energy's debt.

The Directors (including the independent non-executive Directors) confirm that the Settlement Arrangement and Creditor's Rights Transfer Arrangement are entered on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined under the Listing Rules) for the Creditor's Rights Transfer Arrangement exceeds 5% but is below 25%, the Creditor's Rights Transfer Arrangement and the transactions contemplated thereunder constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules.

## **DEFINITIONS**

"Board"	the board of Directors of the Company
"Company"	Xinte Energy Co., Ltd. (新特能源股份有限公司), incorporated under the laws of the PRC on 20 February 2008
"Court"	the Second Intermediate People's Court of Beijing Municipality
"Creditor's Rights Transfer Arrangement"	the creditor's rights transfer arrangement agreed between Xinjiang New Energy and Huaxia Financial Leasing

“Directors”	the directors of the Company
“Dispute”	the dispute between Huaxia Financial Leasing (as plaintiff) and Xinjiang New Energy, Xuyi High Drive and other independent third parties (as defendants) in relation to the Project
“Finance Lease Agreement”	the finance lease agreement signed between Xuyi High Drive and Huaxia Financial Leasing on 11 May 2017
“Huaxia Financial Leasing”	Huaxia Financial Leasing Co., Ltd.* (華夏金融租賃有限公司), a company established under the laws of the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Project”	the 99MW Integration Wind Power Project at Guanyin Temple Sanhe Farm Guantan Wind Power Plant arranged by 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)
“PV”	photovoltaic
“RMB”	Renminbi, the lawful currency of the PRC
“Settlement Arrangement”	the settlement arrangement agreed between Xinjiang New Energy and Huaxia Financial Leasing
“Transfer Agreement”	the transfer agreement of rights and obligations signed between Xinjiang New Energy and Huaxia Financial Leasing on 11 May 2017
“Xinjiang New Energy”	TBEA Xinjiang New Energy Co., Ltd.* (特變電工新疆新能源股份有限公司), a subsidiary of the Company and a company established under the laws of the PRC with limited liability

“Xuyi High Drive”

Xuyi High Drive Wind Power Co., Ltd.\* (盱眙高傳風力發電有限公司), a company established under the laws of the PRC with limited liability; and as of the date of this announcement, a party independent of the Company and its connected persons

“%”

per cent.

**The Company may not be able to fully recover all of the creditor’s rights as stipulated in the Creditor’s Rights Transfer Arrangement. 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  
4 December 2020

*As of 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*