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CGN NEW ENERGY HOLDINGS CO., LTD.

中國廣核新能源控股有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 1811)

Supplemental Agreement in relation to Discloseable Transaction Disposal of a Subsidiary

Reference is made to the Announcement. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board would like to announce that on 13 September 2016, the Subsidiary and the Purchaser entered into a Supplemental Sale and Purchase Agreement in connection with the Completion procedures for the Disposal. Pursuant to the Supplemental Sale and Purchase Agreement, the Subsidiary will receive the cash consideration of RMB220.10 million for the Equity Interest from the Purchaser via an escrow account managed by the Vendor, the Purchaser and an independent third party bank in the PRC.

Upon Completion, the Company will cease to have any interest in Hexie Company and Hexie Company will cease to be a subsidiary of the Company.

INTRODUCTION

Reference is made to the announcement of the Company dated 13 July 2016 in relation to the disposal of Hexie Company (the “**Announcement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

It was stated in the Announcement that pursuant to the Sale and Purchase Agreement, the Purchaser shall pay the Consideration to the designated account of the Beijing Exchange within five business days after the Sale and Purchase Agreement has become effective. The Purchaser agrees that the Beijing Exchange shall transfer the Consideration to the account designated by the Subsidiary within three business days after the Beijing Exchange has issued a proof for the transfer of the Equity Interest (產權交易憑證). Completion will take place on the same day when the transfer of the Equity Interest has been completed. The Subsidiary shall procure Hexie Company to update the records in respect of the transfer of the Equity Interest with the registration authority within ten business days after the Beijing Exchange has issued a proof for the transfer of the Equity Interest.

As at the date of this announcement, the Purchaser has paid the Consideration to the designated account of the Beijing Exchange. However, under the foreign exchange control restrictions currently in force in the PRC, the Beijing Exchange is prohibited from transferring the Consideration to the account designated by the Subsidiary in Hong Kong as originally contemplated in the Sale and Purchase Agreement.

In the circumstance, the Vendor and the Purchaser have on 13 September 2016 entered into the Supplemental Sale and Purchase Agreement (as defined below) in connection with the Completion procedures for the Disposal.

THE SUPPLEMENTAL SALE AND PURCHASE AGREEMENT

The Board would like to announce that on 13 September 2016, the Subsidiary and the Purchaser entered into a supplemental sale and purchase agreement (the “**Supplemental Sale and Purchase Agreement**”) in connection with the Completion procedures for the Disposal. Pursuant to the Supplemental Sale and Purchase Agreement, the Subsidiary will receive the cash consideration of RMB220.10 million for the Equity Interest from the Purchaser via an escrow account managed by the Vendor, the Purchaser and an independent third party bank in the PRC.

The principal terms of the Supplemental Sale and Purchase Agreement are set out below.

Date

13 September 2016

Parties

- (a) Fast Well Investments Limited; and
- (b) Chengdu Yujin Equity Investment Fund Management Company Limited.

Title to the Consideration paid

The Vendor and the Purchaser confirmed that the Consideration that has been paid to the designated account of the Beijing Exchange belonged to the Purchaser before the Beijing Exchange has issued a proof for the transfer of the Equity Interest (產權交易憑證). Such Consideration was entrusted to the Beijing Exchange for the benefit of the Purchaser; however, after the Beijing Exchange has issued a proof for the transfer of the Equity Interest, such Consideration shall become the property belonging to the Vendor which shall be entrusted to the Beijing Exchange for the benefit of the Vendor, while the ownership of the Equity Interest shall belong to the Purchaser. The Purchaser shall thereafter have no rights to or shall make no claims to the Consideration (or any interest accrued thereon) against the Vendor or the Beijing Exchange. Any interest accrued on the Consideration after the day on which the Sale and Purchase Agreement and the Supplemental Sale and Purchase Agreement have become effective shall belong to the Vendor.

Before the date on which the Vendor procures Hexie Company to apply for registration of the transfer of the Equity Interest with the registration authority (“**Application Date**”), save for the withholding tax that shall be paid out of the Consideration by the Purchaser on behalf of the Vendor which may be transferred to the escrow account set up pursuant to the Supplemental Sale and Purchase Agreement, the Vendor shall not request the Beijing Exchange to transfer any part of the Consideration (or any interest accrued thereon) out of the designated account of the Beijing Exchange; the Purchaser shall also have no right to deal with the Equity Interest nor any assets or properties of Hexie Company in any manner (including but not limited to exercising any right, creating any charge or pledge, restrictions, compulsory measures, obligations or third party rights etc).

After the Beijing Exchange has issued a proof for the transfer of the Equity Interest and until the Application Date, the Purchaser confirms that the Vendor shall have the general management rights in respect of Hexie Company (including but not limited to the right to deal with all matters that are relevant to the Sale and Purchase Agreement and the Supplemental Sale and Purchase Agreement), and the Purchaser shall not interfere with the Vendor in exercising such general management rights. The Purchaser also agreed to allow the Vendor to deal with matters in respect of the Sale and Purchase Agreement and the Supplemental Sale and Purchase Agreement in the name of and via Hexie Company.

The Vendor shall submit the application to the department of commerce for approval of the transfer of the Equity Interest (“**Application for Approval**”) within three business days after (i) the date of the Supplemental Sale and Purchase Agreement, (ii) the setting up of the escrow account, and (iii) the date on which relevant chops required for remittance purposes are placed in escrow in accordance with the Tri-partite Escrow Agreement (as defined below). The Purchaser shall cooperate with the Vendor unconditionally accordingly.

Escrow account

The Consideration shall be transferred from the account of the Beijing Exchange to an escrow account maintained in the name of the Purchaser and managed by the Vendor, the Purchaser and an independent third party bank in the PRC pursuant to an escrow agreement (“**Tri-partite Escrow Agreement**”) for the purpose of, among other things, making the transfer of the Consideration to the account designated by the Subsidiary in Hong Kong as originally contemplated in the Sale and Purchase Agreement. The Purchaser has undertaken that it shall have no rights in any way to dispose of or deal with the funds in such escrow account other than in accordance with the Supplemental Sale and Purchase Agreement and the transactions contemplated thereunder, and it shall fully cooperate in respect of making the transfer of the Consideration to the Subsidiary. The Purchaser shall compensate the Vendor for any loss suffered in respect of the escrow monies or expenses incurred by the Vendor relating thereto if such loss or expenses is caused by or otherwise arising from reasons relevant to the Purchaser.

Completion procedures

It is agreed that notwithstanding the time limit set out in the Sale and Purchase Agreement, on the Application Date, the Vendor shall transfer the assets of Hexie Company to the Purchaser in accordance with the terms of the Sale and Purchase Agreement, and the Purchaser shall forthwith issue a confirmation to the Vendor in respect of the completion of assets transfer. After the Sale and Purchase Agreement and the Supplemental Sale and Purchase Agreement have become effective, the Purchaser shall unconditionally cooperate with the Vendor in respect of the payment of the withholding tax; after the transfer of the Equity Interest has been registered, the Purchaser shall unconditionally cooperate with the Vendor in respect of making the transfer of the balance of the escrow monies to the Vendor from the escrow account.

If for any reason the escrow monies cannot be transferred to the Vendor from the escrow account, the Purchaser shall unconditionally cooperate with the Vendor in respect of refunding the Consideration to the Beijing Exchange and transferring any interest accrued on the escrow monies to the designated account of the Vendor.

For the purpose of Completion, the Vendor and the Purchaser will, pursuant to the Tri-partite Escrow Agreement, arrange for, among other things, the aforesaid chops to be placed in escrow.

Liability on breach

- (a) If the Purchaser is in breach of the Supplemental Sale and Purchase Agreement, the Purchaser shall pay a penalty to the Vendor equal to 10% of the Consideration, and the Vendor shall have the right to freeze all assets of the Purchaser, including but not limited to the Purchaser's interests in Hexie Company, its bank accounts and its investments, and the Vendor may take all actions to protect the escrow monies.
- (b) It is agreed that on the same day when the Tri-partite Escrow Agreement is signed, the Purchaser shall set up the escrow account, the Vendor shall cooperate with the Purchaser unconditionally, and the escrow arrangements for the bank chops and other matters shall be set up accordingly. The party in breach of the aforesaid obligations shall pay to the non-defaulting party a daily penalty at the rate of 0.05% of the Consideration.
- (c) If the Vendor is in breach of its obligation in respect of the Application for Approval for reasons caused by the Vendor, the Vendor shall pay to the Purchaser a daily penalty at the rate of 0.05% of the Consideration. If the Vendor is unable to perform its obligation in respect of the Application for Approval for reasons caused by the Purchaser, the Purchaser shall pay to the Vendor a daily penalty at the rate of 0.05% of the Consideration.
- (d) If, in breach of the Sale and Purchase Agreement, the Vendor fails to procure Hexie Company to apply for registration of the transfer of the Equity Interest with the registration authority within 10 business days from the day on which the Beijing Exchange has issued a proof for the transfer of the Equity Interest for reasons caused by the Vendor (except for delays in performing the obligations of the Vendor caused by the registration authority), the Vendor shall pay to the Purchaser a daily penalty at the rate of 0.05% of the Consideration. After the fifth day on which the Vendor is in breach, the Vendor shall in addition pay to the Purchaser a penalty equal to 10% of the Consideration and the Purchaser shall have the right to terminate the Sale and Purchase Agreement. If the Vendor is unable to perform the above obligations for reasons caused by the Purchaser, the Purchaser shall pay to the Vendor a daily penalty at the rate of 0.05% of the Consideration.

Other

The Supplemental Sale and Purchase Agreement has the same force and effect in law as the Sale and Purchase Agreement. If there is any inconsistency between the terms of the Supplemental Sale and Purchase Agreement and the Sale and Purchase Agreement, the terms of the Supplemental Sale and Purchase Agreement shall prevail.

The Directors consider that the terms and conditions of the Supplemental Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Upon Completion, the Company will cease to have any interest in Hexie Company and Hexie Company will cease to be a subsidiary of the Company. Completion is expected to take place before the end of 2016.

By Order of the Board
CGN New Energy Holdings Co., Ltd.
Lin Jian
President and Executive Director

Hong Kong, 13 September 2016

As at the date of this announcement, the Board comprises eleven Directors, namely:

Chairman and non-executive Director : *Mr. Chen Sui*

President and executive Director : *Mr. Lin Jian*

Non-executive Directors : *Mr. Xu Yuan, Mr. Yin Engang,
Mr. Dai Honggang, Mr. Wu Junfeng and
Mr. Xing Ping*

Independent non-executive Directors : *Mr. Leung Chi Ching Frederick,
Mr. Fan Ren Da Anthony,
Mr. Wang Susheng and
Mr. Zhang Dongxiao*