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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)

**Continuing Connected Transactions
Supplemental Framework Agreement for Equipment Inspection
and Maintenance Services of Wind Farms and
Photovoltaic Power Plants**

The Board announces that on 16 December 2020, the Company and Gansu CGN Wind Power entered into the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants to revise the terms of the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants. Pursuant to the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants and the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants, the Company has agreed to engage Gansu CGN Wind Power to provide Equipment Inspection and Maintenance Services to the wind farms and photovoltaic power plants of the Group. The maximum annual consideration for such Equipment Inspection and Maintenance Services is RMB8,470,000 (inclusive of value-added tax).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Gansu CGN Wind Power is a non-wholly owned subsidiary of CGN Wind Energy and CGN Wind Energy is a non-wholly owned subsidiary of CGN. CGN is the controlling shareholder of the Company indirectly holding approximately 72.29% of the issued share capital of the Company as at the date of this announcement. Therefore, Gansu CGN Wind Power is a connected person of the Company under the Listing Rules and the transactions contemplated under the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants (as amended by the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios in relation to the Annual Caps are more than 0.1% but all are less than 5%, the continuing connected transactions contemplated under the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants (as amended by the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants) are exempt from the independent Shareholders' approval requirement but are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

BACKGROUND

On 10 June 2019, the Company and Gansu CGN Wind Power entered into the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants for the provision of Equipment Inspection and Maintenance Services to certain wind farms and photovoltaic power plants of the Group. In August 2020, Gansu CGN Wind Power's maintenance and testing qualification(s) for maintenance and testing were upgraded from level 4 to level 3 in relation to the permit for electric installation (maintenance, testing) (承裝(修、試)電力設施許可證), accordingly, it has the capability to undertake pre-test services and maintenance of 110kV and below equipment. In order to provide better services to the Company, the Company and Gansu CGN Wind Power have entered into the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants to expand the scope of services to be undertaken by Gansu CGN Wind Power.

THE FRAMEWORK AGREEMENT FOR EQUIPMENT INSPECTION AND MAINTENANCE SERVICES OF WIND FARMS AND PHOTOVOLTAIC POWER PLANTS (AS AMENDED BY THE SUPPLEMENTAL FRAMEWORK AGREEMENT FOR EQUIPMENT INSPECTION AND MAINTENANCE SERVICES OF WIND FARMS AND PHOTOVOLTAIC POWER PLANTS)

The principal terms of the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants (as amended by the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants) are set out below:

Date

16 December 2020

(the date on which the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants was entered into)

Parties

- (1) The Company; and
- (2) Gansu CGN Wind Power

Principal terms

Pursuant to the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants (as amended by the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants), Gansu CGN Wind Power agreed to provide Equipment Inspection and Maintenance Services to certain wind farms and photovoltaic power plants of the Group. Gansu CGN Wind Power will provide comprehensive Equipment Inspection and Maintenance Services according to the requirements of the Group. The maximum annual consideration for such Equipment Inspection and Maintenance Services is RMB8,470,000. The applicable value-added tax rate is 6%.

A definitive service agreement will be entered into between Gansu CGN Wind Power and a member of the Group in accordance with the terms of the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants (as amended by the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants) to provide for detailed terms of the Equipment Inspection and Maintenance Services, as and when such member of the Group requires Equipment Inspection and Maintenance Services.

Term

The term of the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants (as amended by the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants) is three years from 10 June 2019 to 9 June 2022. Upon expiry of the term, the Company may renew the agreement for a further period by serving written notice to Gansu CGN Wind Power and subject to compliance with any applicable requirements under the Listing Rules.

Pricing Policy

The service fees of the Equipment Inspection and Maintenance Services to be provided by Gansu CGN Wind Power shall be determined in accordance with the unit prices as listed in the appendices to the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants (as amended by the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants), or, in the event that the relevant Equipment Inspection and Maintenance Services are not listed in the appendices, as agreed by the parties in accordance with the market rates of the relevant Equipment Inspection and Maintenance Services at the time when the individual definitive Equipment Inspection and Maintenance Services agreement is entered into. The unit prices were determined with reference to the costs required to perform the services including but not limited to purchase costs of test equipment and facilities, service remuneration, management expenses, transportation expenses, accommodation expenses, overtime expenses, labour insurance expenses and taxes. The market rates shall be determined in accordance with (i) the fees and terms quoted by no less than two independent third parties engaging in the provision of similar Equipment Inspection and Maintenance Services on normal commercial terms in the ordinary course of businesses in the region(s) or in proximity to the region(s) where such Equipment Inspection and Maintenance Services are to be provided and in any event not higher than quotes obtained from independent third parties; or (ii) in the event that (i) is inapplicable, it shall be determined by both parties to the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants on an arm's length basis and on normal commercial terms.

Historical Transaction Amounts

The aggregate service fees paid or payable to Gansu CGN Wind Power for the periods from 10 June 2019 to 31 December 2019 and 1 January 2020 to 30 November 2020 were approximately RMB 2,520,000 and RMB 2,650,000, respectively.

ANNUAL CAPS

The table below sets out the proposed Annual Caps for the transactions contemplated under the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants (as amended by the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants) for the three years ending 31 December 2020, 2021 and 2022:

	For the years ending 31 December		
	2020	2021	2022
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Provision of Equipment Inspection and Maintenance Services	8,470,000	8,470,000	8,470,000

In arriving at the Annual Caps for the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants (as amended by the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants), the Company considered a number of factors, in particular: (i) gross installed capacity of the relevant wind farms and photovoltaic power plants of the Group that may require the Equipment Inspection and Maintenance Services to be provided by Gansu CGN Wind Power; (ii) the historical amount of service fees paid or payable by the Company to Gansu CGN Wind Power for the provision of Equipment Inspection and Maintenance Services; (iii) the amount of Equipment Inspection and Maintenance Services expected to be required based on the expected demand of the Group's wind farms and photovoltaic power plants; (iv) the prices and installation costs of the facilities and spare parts for the wind farms and photovoltaic power plants; (v) a reasonable buffer to allow for the fluctuations in prices of wind farms and photovoltaic power plants facilities, materials, transportation and relevant services; and (vi) the maximum annual consideration under the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants (as amended by the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants).

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL FRAMEWORK AGREEMENT FOR EQUIPMENT INSPECTION AND MAINTENANCE SERVICES OF WIND FARMS AND PHOTOVOLTAIC POWER PLANTS

The Board believes that the Gansu CGN Wind Power has the expertise in the provision of Equipment Inspection and Maintenance Services for wind farms and photovoltaic power plants with years of experience and capacities to carry out Equipment Inspection and Maintenance Services to suit the needs and requirements of the Group. Therefore, engaging Gansu CGN Wind Power to provide Equipment Inspection and Maintenance Services for the Group's wind farms and photovoltaic power plants will allow the Group to secure the provision of such services in more cost effective, timely and stable manner which the Board believes are beneficial for both parties.

The Directors (including independent non-executive Directors) consider that the terms of the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants are on normal commercial terms and in the ordinary and usual course of business of the Company, and together with the Annual Caps thereunder, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company

The Company is a diversified independent power producer in Asia in terms of fuel type and geography, with a portfolio of gas-fired, coal-fired, oil-fired, wind, solar, hydro, cogen and fuel cell power generation projects in the PRC and Korea.

Gansu CGN Wind Power

Gansu CGN Wind Power is a company established in the PRC and a non-wholly-owned subsidiary of CGN Wind Energy. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the equity interest of Gansu CGN Wind Power is owned as to approximately 25% and 75% by CGN Wind Energy, a non-wholly owned subsidiary of CGN, and CGN Wind Power Company Limited (中廣核風力發電有限公司), a non-wholly-owned subsidiary of CGN, respectively. Gansu CGN Wind Power is principally engaged in technical consulting and services in the construction, operation and maintenance of wind power projects, as well as operation and maintenance, maintenance and repairs of power engineering and power plants. For details of its ultimate beneficial owners, please refer to paragraphs headed "CGN Wind Energy" and "CGN Wind Power Company Limited" below of this announcement.

CGN Wind Energy

CGN Wind Energy is a non-wholly owned subsidiary of CGN incorporated in the PRC. As at the date of this announcement, CGN Wind Energy is owned as to approximately 63.6% by CGN and approximately 36.4% by Shenzhen CGN Fengtai Investment Co., Ltd.* (深圳中廣核風太投資有限公司), respectively. It is principally engaged in the development and operations of wind power plants in the PRC. For details of its ultimate beneficial owners, please refer to paragraphs headed “CGN” and “Shenzhen CGN Fengtai Investment Co., Ltd.*” below of this announcement.

CGN Wind Power Company Limited

CGN Wind Power Company Limited (中廣核風力發電有限公司) is a non-wholly owned subsidiary of CGN established in the PRC. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, CGN Wind Power Company Limited (中廣核風力發電有限公司) is owned as to approximately 84.25% by CGN Wind Energy and approximately 15.75% by CGN Energy Development Co., Ltd. (中廣核能源開發有限責任公司), a wholly-owned subsidiary of CGN, respectively. It is principally engaged in the research and development, construction and management of wind power projects, provision of consultation services in relation to wind power projects, technical consultation, technical training, technology transfer and the purchase and sales of wind power products, equipment and spare parts.

CGN

CGN is a state-owned enterprise established in the PRC and the controlling shareholder of the Company. The CGN Group is principally engaged in the generation and sale of power, construction, operation and management of nuclear, clean and renewable power projects. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the equity interest of CGN is held as to 90% by State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) and 10% by Guangdong Hengjian Investment Holding Co., Ltd. (廣東恒健投資控股有限公司), a Guangdong Provincial Government owned enterprise which is principally engaged in state-owned assets operation and management within the scope of authority, state-owned equity interests operation and management, entrusted management, capital operations, funds investment and management, equity interests investment and management, financial investment, finance leasing, insurance brokerage, industry research as well as investment and consultation business for conducting the above-mentioned businesses.

Shenzhen CGN Fengtai Investment Co., Ltd.*

Shenzhen CGN Fengtai Investment Co., Ltd.* (深圳中廣核風太投資有限公司) is a non-wholly owned subsidiary of CGN. It is principally engaged in investment of new energy. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the equity interest of Shenzhen CGN Fengtai Investment Co., Ltd.* is held as to 51% by CGN and 49% by Shenzhen CGN Hengjian No. 1 New Energy Partnership Enterprise (Limited Partnership) (深圳中廣核恒健一號新能源合夥企業(有限合夥)), a limited partnership established in the PRC, which is owned as to 1% by CGN and 99% by Guangdong Hengjian Investment Holding Co., Ltd. (廣東恒健投資控股有限公司), a Guangdong Provincial Government owned enterprise which is principally engaged in state-owned assets operation and management within the scope of authority, state-owned equity interests operation and management, entrusted management, capital operations, funds investment and management, equity interests investment and management, financial investment, finance leasing, insurance brokerage, industry research as well as investment and consultation business for conducting the above-mentioned businesses.

APPROVAL BY THE BOARD

None of the Directors has a material interest in the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants. As the Overlapping Directors are directors and/or senior management of certain members of the CGN Group, for good corporate governance, they have abstained from voting on the resolutions of the Board approving the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants and the Annual Caps.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Gansu CGN Wind Power is a non-wholly owned subsidiary of CGN Wind Energy and CGN Wind Energy is a non-wholly owned subsidiary of CGN. CGN is the controlling shareholder of the Company indirectly holding approximately 72.29% of the issued share capital of the Company as at the date of this announcement. Therefore, Gansu CGN Wind Power is a connected person of the Company under the Listing Rules and the transactions contemplated under the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios in relation to the Annual Caps are more than 0.1% but all are less than 5%, the continuing connected transactions contemplated under the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants are exempt from the independent Shareholders' approval requirement but are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Annual Caps”	the annual caps amount in respect of the transactions contemplated under the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants for the three years ending 31 December 2020, 2021 and 2022
“Board”	the board of directors of the Company
“CGN”	China General Nuclear Power Corporation (中國廣核集團有限公司), a controlling shareholder of the Company indirectly holding approximately 72.29% of the issued share capital in the Company as at the date of this announcement
“CGN Group”	CGN and its subsidiaries, excluding the Group
“CGN Wind Energy”	CGN Wind Power Company, Limited (中廣核風電有限公司), a company established in the PRC and a non-wholly owned subsidiary of CGN
“Company”	CGN New Energy Holdings Co., Ltd. (中國廣核新能源控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1811)
“connected person”	has the meaning ascribed hereto under the Listing Rules
“Directors”	the directors of the Company

“Equipment Inspection and Maintenance Services”	the equipment inspection and maintenance services to be provided by Gansu CGN Wind Power to wind farms and photovoltaic power plants of the Group, which may include the provision of power transmission and transformation equipment maintenance and pre-test services, regular inspection and maintenance of wind power towers services, photovoltaic power plants components cleaning services and replacement of equipment and spare parts services
“Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants”	the framework agreement dated 10 June 2019 entered into between the Company and Gansu CGN Wind Power for the provision of Equipment Inspection and Maintenance Services by the Gansu CGN Wind Power to the Group in respect of certain wind farms and photovoltaic power plants of the Group, as amended by the Supplemental Framework Agreement for Maintenance Services of Wind Farms and Photovoltaic Power Plants, the details of which are set out in this announcement
“Gansu CGN Wind Power”	Gansu CGN Wind Power Co., Ltd.* (甘肅中廣核風力發電有限公司), a company established in the PRC and a non-wholly-owned subsidiary of CGN Wind Energy
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overlapping Directors”	Directors who are also director and/or senior management of certain members of the CGN Group, namely Mr. Chen Sui, Mr. Li Yilun, Mr. Zhang Zhiwu and Mr. Xing Ping
“PRC”	The People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Shareholder(s)”	registered holder(s) of the share(s) of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants”	the supplemental framework agreement dated 16 December 2020 entered into between the Company and Gansu CGN Wind Power for the provision of Equipment Inspection and Maintenance Services by the Gansu CGN Wind Power to the Group in respect of certain wind farms and photovoltaic power plants of the Group in the north-central part of the PRC, the details of which are set out in this announcement
“%”	per cent.

* *identification purpose only*

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

Hong Kong, 16 December 2020

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

<i>Chairman and non-executive Director</i>	:	<i>Mr. Chen Sui</i>
<i>Executive Directors</i>	:	<i>Mr. Li Yilun (President) and Mr. Zhang Zhiwu</i>
<i>Non-executive Director</i>	:	<i>Mr. Xing Ping</i>
<i>Independent non-executive Directors</i>	:	<i>Mr. Wang Minhao, Mr. Yang Xiaosheng and Mr. Leung Chi Ching Frederick</i>