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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

Energy Storage Services Agreement

THE ENERGY STORAGE SERVICES AGREEMENT

The Board announces that on 22 August 2023, the Clients, each being a wholly owned subsidiary of the Company, and CGN Hunan Xintian, a branch of CGN Hunan which is in turn a non-wholly owned subsidiary of CGN, entered into the Energy Storage Services Agreement pursuant to which CGN Hunan Xintian agreed to provide the Energy Storage Services to the Clients.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CGN Hunan Xintian is a branch of CGN Hunan which is in turn a non-wholly owned subsidiary of CGN, and CGN is the controlling shareholder of the Company, indirectly holding approximately 72.33% of the issued share capital of the Company. Therefore, CGN Hunan Xintian is a connected person of the Company under the Listing Rules and the transactions contemplated under the Energy Storage Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the highest of the applicable percentage ratios in relation to the Annual Caps exceeds 0.1% but is less than 5%, the transactions contemplated under the Energy Storage Services Agreement are subject to the reporting, annual review, and announcement requirements, but exempt from the circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE ENERGY STORAGE SERVICES AGREEMENT

Date

22 August 2023

Parties

- (1) the Clients, each being a wholly owned subsidiary of the Company; and
- (2) CGN Hunan Xintian

Principal Terms

Pursuant to the Energy Storage Services Agreement, CGN Hunan Xintian agreed to provide the Energy Storage Services to the Clients in respect of certain wind power farms of the Clients in Hunan Province.

Duration

The Energy Storage Services Agreement shall be for a term commencing from its execution date and ending on 31 December 2025, unless otherwise terminated earlier in accordance with the terms thereunder. The Energy Storage Services Agreement may be renewed by the parties thereto in writing thirty (30) days before the expiry of its term, subject to compliance with the Listing Rules.

Fee and Pricing Policy

The fee for the Energy Storage Services is RMB370,000 per 1MW/2MWh. Such fee has been determined after arm's length negotiations, and represents an amount no more than the fees quoted by no less than two (2) independent third parties engaged in the provision of similar Energy Storage Services on normal commercial terms in the ordinary and usual course of business in the regions or in proximity to the regions where such Energy Storage Services are to be provided.

Amendment

Any amendment to the terms of the Energy Storage Services Agreement shall be agreed by all parties in writing, subject to compliance with any applicable requirements under the Listing Rules.

INTERNAL CONTROL

The Group has maintained a series of internal control measures to ensure that the terms of the transactions contemplated under the Energy Storage Services Agreement are fair and reasonable, and are conducted on normal commercial terms or better so as to safeguard the best interests of the Group and the Shareholders as a whole. Such internal control measures include:

- (1) the relevant departments of the Group will conduct regular checks to review and assess whether the transactions contemplated under the Energy Storage Services Agreement are conducted in accordance with the terms thereof;
- (2) the Company will closely monitor the transaction amounts of the transactions contemplated under the Energy Storage Services Agreement to ensure that the Annual Caps during the term of the Energy Storage Services Agreement will not be exceeded;
- (3) the Company will engage its external auditor to conduct an annual review on the transaction amounts and Annual Caps of the transactions contemplated under the Energy Storage Services Agreement; and
- (4) the independent non-executive Directors will review the transactions contemplated under the continuing connected transactions of the Company pursuant to Listing Rule 14A.55, and confirm in the annual report whether the transactions have been entered in the ordinary and usual course of business of the Group, on normal commercial terms or better, and according to the agreement governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

HISTORICAL TRANSACTION AMOUNTS

As no Energy Storage Services were rendered by CGN Hunan Xintian to the Clients in the past, there is no historical figure available for disclosure in respect of fees for the Energy Storage Services.

ANNUAL CAPS

The table below sets out the proposed Annual Caps for the maximum amount of fees payable under the Energy Storage Services Agreement for the periods indicated below:

	From 22 August 2023 to 31 December 2023 RMB	For the year ending 31 December 2024 RMB	For the year ending 31 December 2025 RMB
Provision of Energy Storage Services	8,880,000	23,310,000	23,310,000

In arriving at the Annual Caps, the Company has considered a number of factors, in particular: (i) the energy storage capacity per wind power farm required by governmental authorities as set out in paragraph headed “Reasons for and Benefits of Entering into the Energy Storage Services Agreement” below; (ii) the amount of the Energy Storage Services required by the Clients based on the installed capacity of their power farms; and (iii) a reasonable buffer to allow for new investments in wind farms in Hunan Province which will incur additional installed capacity.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ENERGY STORAGE SERVICES AGREEMENT

According to the Implementation Opinion on Accelerating the Development of Electrochemical Energy Storage in Hunan Province* (《關於加快推動湖南省電化學儲能發展的實施意見》) issued on 13 October 2021, the Notice of Hunan Provincial Development and Reform Commission on Carrying out the Pilot Work of New Energy Power Generation Projects with New Energy Storage in 2022* (《湖南省發展和改革委員會關於開展2022年新能源發電項目配置新型儲能試點工作的通知》) and related governmental directives, wind farms in Hunan Province are generally required to be equipped with energy storage capacity at a rate of no less than 15% of its installed capacity. In order to comply with such requirements, the Clients engaged CGN Hunan Xintian to provide the Energy Storage Services. CGN Hunan Xintian was selected primarily because of the competitiveness of the service fees offered by CGN Hunan Xintian and the ability of CGN Hunan Xintian to provide such services in a more cost-effective manner.

The Directors (including independent non-executive Directors) consider that the Energy Storage Services Agreement is entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Energy Storage Services Agreement, 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 Group

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

The Clients

The Clients, each being a wholly owned subsidiary of the Company and a company established in the PRC, consist of (i) CGN Yiyang New Energy Co., Ltd.* (中廣核益陽新能源有限公司), which is principally engaged in the generation and supply of wind and solar energy, operation of new energy power plant and development and consultancy of new energy technology; (ii) Lengshuijiang CGN New Energy Co., Ltd.* (冷水江中廣核新能源有限公司), which is principally engaged in the generation and supply of wind and solar energy, operation of new energy power plant and development and consultancy of new energy technology; (iii) Zixing CGN New Energy Co., Ltd.* (資興中廣核新能源有限公司), which is principally engaged in the generation and supply of wind energy and development and consultancy of new energy technology; and (iv) Xiangxiang CGN New Energy Co., Ltd.* (湘鄉中廣核新能源有限公司), which is principally engaged in the generation and supply of wind and solar energy and consultancy of new energy technology.

CGN Hunan Xintian

CGN Hunan Xintian is a branch of CGN Hunan. CGN Hunan is a company established in the PRC and a non-wholly owned subsidiary of CGN. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, CGN Hunan is indirectly owned as to 100% by CGN Wind Energy, which is in turn owned directly and indirectly by CGN as to 67% with the remaining equity interests of CGN Wind Energy held by fourteen (14) third parties independent of the Group and its connected persons. CGN Hunan Xintian is principally engaged in the operation of energy storage facilities. CGN Hunan is principally engaged in power generation and related technology development. For details of CGN, please refer to the paragraph "The CGN Group" below.

The CGN Group

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 project. 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 abovementioned businesses.

APPROVAL BY THE BOARD

None of the Directors has a material interest in the Energy Storage Services Agreement. 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 Energy Storage Services Agreement and the Annual Caps.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CGN Hunan Xintian is a branch of CGN Hunan which is in turn a non-wholly owned subsidiary of CGN, and CGN is the controlling shareholder of the Company, indirectly holding approximately 72.33% of the issued share capital of the Company. Therefore, CGN Hunan Xintian is a connected person of the Company under the Listing Rules and the transactions contemplated under the Energy Storage Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the highest of the applicable percentage ratios in relation to the Annual Caps exceeds 0.1% but is less than 5%, the transactions contemplated under the Energy Storage Services Agreement are subject to the reporting, annual review, and announcement requirements, but exempt from the circular and Independent Shareholders' approval 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:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Annual Caps”	the annual caps in respect of the continuing connected transactions contemplated under the Energy Storage Services Agreement for the period from the date of the Energy Storage Services Agreement to 31 December 2023 and for the two years ending 31 December 2024 and 2025
“Board”	the board of Directors
“CGN”	China General Nuclear Power Corporation (中國廣核集團有限公司), a state-owned enterprise established in the PRC and the controlling shareholder of the Company indirectly holding approximately 72.33% 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 Hunan”	CGN (Hunan) New Energy Development Co., Ltd.* (中廣核(湖南)新能源開發有限公司), a company established in the PRC and a non-wholly owned subsidiary of CGN
“CGN Hunan Xintian”	CGN (Hunan) New Energy Development Co., Ltd., Xintian Branch* (中廣核(湖南)新能源開發有限公司新田分公司), a branch of CGN Hunan
“Clients”	include (i) CGN Yiyang New Energy Co., Ltd.* (中廣核益陽新能源有限公司); (ii) Lengshuijiang CGN New Energy Co., Ltd.* (冷水江中廣核新能源有限公司); (iii) Zixing CGN New Energy Co., Ltd.* (資興中廣核新能源有限公司); and (iv) Xiangxiang CGN New Energy Co., Ltd.* (湘鄉中廣核新能源有限公司), each being a company established in the PRC and a wholly owned subsidiary of the Company

“Company”	CGN New Energy Holdings Co., Ltd. (中國廣核新能源控股有限公司), an exempted 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 thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Directors”	directors of the Company
“Energy Storage Services”	the provision of energy storage facilities and related services
“Energy Storage Services Agreement”	the New Energy Supporting Energy Storage Services Agreement* (新能源配套儲能服務協議) between the Clients and CGN Hunan Xintian dated 22 August 2023
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	the Shareholders other than CGN and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“MW”	megawatt, or one million watts
“MWh”	megawatt-hour, or one million watt-hours, which measures the the amount of energy that would be produced by a generator producing one million watts per hour
“Overlapping Directors”	Directors who are also directors and/or senior management of certain members of the CGN Group, namely Mr. Zhang Zhiwu, Mr. Wang Hongxin, Mr. Chen Xinguo and Mr. Bian Shuming

“PRC”	the People’s Republic of China, but for the purposes of this announcement and for geographical reference only and except when the context requires, references in this announcement to the PRC do not include Hong Kong of the PRC, the Macau Special Administrative Region of the PRC and Taiwan region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent.

* *For identification purposes only*

By Order of the Board
CGN New Energy Holdings Co., Ltd.
Zhang Zhiwu
Chairman, President and Executive Director

Hong Kong, 22 August 2023

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

<i>Chairman, President and Executive Director</i>	:	<i>Mr. Zhang Zhiwu</i>
<i>Non-executive Directors</i>	:	<i>Mr. Wang Hongxin, Mr. Chen Xinguo and Mr. Bian Shuming</i>
<i>Independent non-executive Directors</i>	:	<i>Mr. Wang Minhao, Mr. Yang Xiaosheng and Mr. Leung Chi Ching Frederick</i>