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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
Power Agency Service Framework Agreement**

POWER AGENCY SERVICE FRAMEWORK AGREEMENT

The Board announces that on 29 August 2023, CGN Shenzhen, a wholly owned subsidiary of the Company, and CGN Wind Energy, a non-wholly owned subsidiary of CGN, entered into the Power Agency Service Framework Agreement pursuant to which CGN Shenzhen agreed to provide Power Agency Service to CGN Wind Energy.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CGN Wind Energy is a non-wholly owned subsidiary of CGN, which is in turn the controlling shareholder of the Company indirectly holding approximately 72.33% of the issued share capital of the Company. Therefore, CGN Wind Energy is a connected person of the Company under the Listing Rules and the transactions contemplated under the Power Agency Service Framework 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 Power Agency Service Framework 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 POWER AGENCY SERVICE FRAMEWORK AGREEMENT

Date

29 August 2023

Parties

- (1) CGN Shenzhen, a wholly owned subsidiary of the Company; and
- (2) CGN Wind Energy

Principal Terms

Pursuant to the Power Agency Service Framework Agreement, CGN Shenzhen (or its subsidiaries) agreed to act as an agent for and on behalf of CGN Wind Energy (or its subsidiaries) to procure the sale of electricity generated by CGN Wind Energy (or its subsidiaries) to downstream users.

Individual definitive service agreements will be entered into between CGN Shenzhen or its subsidiary(ies) and CGN Wind Energy or its subsidiary(ies) in accordance with the terms of the Power Agency Service Framework Agreement as and when the Power Agency Service is to be carried out.

Duration

The Power Agency Service Framework Agreement shall be for a term of twenty-eight (28) months, commencing from 1 September 2023 and ending on 31 December 2025, unless otherwise terminated earlier in accordance with the terms thereunder. The Power Agency Service Framework Agreement may be renewed by the parties thereto in writing before the expiry of its term, subject to compliance with the Listing Rules.

Pricing Policy

The service fees for the Power Agency Service to be provided by CGN Shenzhen or its subsidiaries shall be determined by multiplying (i) the portion of electricity prices payable by downstream users in excess of the prevailing market prices for electricity by (ii) the percentage rates for service fee which shall be no less than the service fee charging rates quoted by no less than two local independent third parties on normal commercial terms in the ordinary and usual course of business for the same or similar services. Such prevailing market price for electricity at a particular time will be determined with reference to (i) the electricity prices announced by local power trading centers for other transactions occurred at or near that time; or (ii) if (i) is not available, the electricity prices quoted by no less than two local independent third parties on normal commercial terms in the ordinary and usual course of business for transactions occurred at or near that time.

Amendment

Any amendment to the terms of the Power Agency Service Framework 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 Power Agency Service Framework 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 Power Agency Service Framework Agreement are conducted in accordance with the terms thereof;
- (2) the Company will closely monitor the transaction amounts of the transactions contemplated under the Power Agency Service Framework Agreement to ensure that the Annual Caps for each year during the term of the Power Agency Service Framework 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 Power Agency Service Framework 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 Power Agency Service was rendered by CGN Shenzhen or its subsidiary(ies) to CGN Wind Energy or its subsidiary(ies) in the past, there is no historical figure available for disclosure in respect of service fees for the Power Agency Service.

ANNUAL CAPS

The table below sets out the proposed Annual Caps for the maximum service fees receivable under the Power Agency Service Framework Agreement for the periods indicated below:

	From 1 September to 31 December 2023	For the year ending 31 December 2024	For the year ending 31 December 2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Provision of Power			
Agency Service	11,380,000	39,750,000	40,060,000

In arriving at the Annual Caps, the Company considered a number of factors, including the mechanism for arriving at the service fees set forth in “Pricing Policy” above, the expected supply and demand for electricity in the relevant regions, and electricity generating capacity and expected output of CGN Wind Energy and its subsidiaries during the term of the Power Agency Service Framework Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE POWER AGENCY SERVICE FRAMEWORK AGREEMENT

Entering into the Power Agency Service Framework Agreement would not only secure an additional income source, but also enhance the Group’s market presence, experience and reputation in the power trading market, and thus increase the Group’s competitiveness in the long run.

The Directors (including independent non-executive Directors) consider that the Power Agency Service Framework 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 Power Agency Service Framework 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.

CGN Shenzhen

CGN Shenzhen is a company established in the PRC and a wholly owned subsidiary of the Company. CGN Shenzhen, together with its subsidiaries, are principally engaged in the business of (i) investment holdings; (ii) development, investment, general contracting, design, construction and operation of solar power generation projects; (iii) wind power generation; and (iv) sale of electricity.

CGN Wind Energy

CGN Wind Energy is a company established in the PRC and a non-wholly owned subsidiary of CGN. As at the date of this announcement, CGN holds approximately 67% equity interests in CGN Wind Energy directly and indirectly through its wholly owned subsidiary, Shenzhen CGN Fengtai Investment Co., Ltd.* (深圳中廣核風太投資有限公司). The remaining equity interests of CGN Wind Energy are held by fourteen (14) third parties independent of the Group and its connected persons. CGN Wind Energy is principally engaged in the development and operations of wind power plants in the PRC. 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 above-mentioned businesses.

APPROVAL BY THE BOARD

None of the Directors has a material interest in the Power Agency Service Framework 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 Power Agency Service Framework Agreement and the Annual Caps.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CGN Wind Energy is a non-wholly owned subsidiary of CGN, which is in turn the controlling shareholder of the Company indirectly holding approximately 72.33% of the issued share capital of the Company. Therefore, CGN Wind Energy is a connected person of the Company under the Listing Rules and the transactions contemplated under the Power Agency Service Framework 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 Power Agency Service Framework 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 Power Agency Service Framework Agreement for the period from 1 September 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 Shenzhen”	CGN New Energy Investment (Shenzhen) Co., Ltd.* (中廣核新能源投資(深圳)有限公司), a company established in the PRC and a wholly owned subsidiary of the Company
“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), 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”	the directors of the Company
“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
“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
“Power Agency Service”	the services of acting as an agent for and on behalf of CGN Wind Energy (or its subsidiaries) to procure the sale of electricity generated by CGN Wind Energy (or its subsidiaries) to downstream users

“Power Agency Service Framework Agreement”	the New Energy Station Power Agency Service Framework Agreement* (新能源場站電量代理服務框架協議) between CGN Shenzhen and CGN Wind Energy dated 29 August 2023
“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
“Shareholders”	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 to it 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, 29 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>