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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)**

**(1) Major Transactions  
and  
Continuing Connected Transactions  
Renewal of the Financial Services  
Framework Agreements;  
(2) Continuing Connected Transactions  
Renewal of the Operation and Management Services  
Framework Agreements;  
and  
(3) Continuing Connected Transactions  
Renewal of the Shared Services Agreement**

**1. THE FINANCIAL SERVICES FRAMEWORK AGREEMENTS**

References are made to the announcements of the Company dated 18 March 2015, 10 November 2017, and 10 November 2020, and the circulars of the Company dated 20 April 2015, 30 November 2017, and 25 November 2020 in relation to, among others, the Financial Services Framework Agreements. The Company has served a notice to each of CGNPC Huasheng and CGN Finance to renew the term of the Financial Services (CGNPC Huasheng) Framework Agreement and the Financial Services (CGN Finance) Framework Agreement, respectively, upon the expiry of their respective terms on 31 December 2023. Subject to the compliance of the Listing Rules by the Company, the Financial Services Framework Agreements will be renewed for three financial years from the Renewal Date and shall continue up to and including 31 December 2026.

Furthermore, according to CGN Finance, based on the Administrative Measures for Enterprise Group Financial Companies (China Banking and Insurance Regulatory Commission Order No. 6 of 2022) effective from 13 November 2022, it will not provide the services of guarantees, bill commitment and finance leasing. Accordingly, the parties to the Financial Services (CGN Finance) Framework Agreement have agreed to amend the the scope of loan and financial services provided by CGN Finance to reflect the above changes.

## **2. THE OPERATION AND MANAGEMENT SERVICES FRAMEWORK AGREEMENTS**

References are made to the announcements of the Company dated 17 June 2015, 29 December 2016, 10 November 2017, 4 December 2019, and 10 November 2020 and the circulars of the Company dated 30 November 2017 and 25 November 2020 in relation to, among others, the Operation and Management Services (Wind Energy) Framework Agreement, the Operation and Management Services (CGN Energy) Framework Agreement and the Operation and Management Services (Huamei Holding) Framework Agreement. The Company has served a notice to each of CGN Wind Energy, CGN Energy and Huamei Holding to renew the term of the Operation and Management Services (Wind Energy) Framework Agreement, the Operation and Management Services (CGN Energy) Framework Agreement and the Operation and Management Services (Huamei Holding) Framework Agreement, respectively, upon the expiry of their respective terms on 31 December 2023. Subject to the compliance of the Listing Rules by the Company, the Operation and Management Services Framework Agreements will be renewed for three financial years from the Renewal Date and shall continue up to and including 31 December 2026.

## **3. THE SHARED SERVICES AGREEMENT**

Reference is made to the announcement of the Company dated 30 July 2021 in relation to, among others, the Shared Services Agreement. CGN Shenzhen has served a notice to each of CGN Wind Energy and CGN Energy to renew the term of the Shared Services Agreement, upon the expiry of its term on 31 December 2023. Subject to the compliance of the Listing Rules by the Company, the Shared Services Agreement will be renewed for three financial years from the Renewal Date and shall continue up to and including 31 December 2026.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CGN is the controlling shareholder indirectly holding approximately 72.33% of the issued share capital of the Company. CGNPC Huasheng, CGN Finance, CGN Wind Energy, CGN Energy and Huamei Holding are subsidiaries of CGN, and are therefore connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the renewal of the CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the nature of the services to be provided to the Group under the Financial Services Framework Agreements is similar, the Financial Services Annual Caps for the maximum daily outstanding balance of deposits to be placed by the Group with CGNPC Huasheng and CGN Finance under the Financial Services Framework Agreements, together with the relevant interest to be received, shall be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules. Since one or more of the applicable percentage ratios in relation to the Financial Services Annual Caps exceeds 25% but is less than 100%, the transactions contemplated under the Financial Services Framework Agreements constitute major transactions and continuing connected transactions of the Company, which are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules, respectively.

As the nature of the services to be provided under the Operation and Management Services Framework Agreements is similar, the Operation and Management Services Annual Caps for the management fees payable to the Company under the Operation and Management Services Framework Agreements shall be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules. Since the highest of the applicable percentage ratios in relation to the Operation and Management Services Annual Caps for the Operation and Management Services Framework Agreements, on an annual and aggregate basis, exceeds 0.1% but is less than 5%, the transactions contemplated under the Operation and Management Services Framework Agreements 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.

Since the highest of the applicable percentage ratios in relation to the Shared Services Annual Caps exceeds 0.1% but is less than 5%, the transactions contemplated under the Shared 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 Company will convene the Special General Meeting for the purposes of, among others, seeking approval from the Independent Shareholders on the renewal of the Financial Services Framework Agreements and the Financial Services Annual Caps. The Independent Board Committee has been established to consider the renewal of the Financial Services Framework Agreements and the Financial Services Annual Caps, and to advise the Independent Shareholders as to whether the renewal of the Financial Services Framework Agreements and the Financial Services Annual Caps are in the interests of the Company and the Shareholders as a whole. Altus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, further information on (i) the terms of the Financial Services Framework Agreements and the Financial Services Annual Caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the Special General Meeting, is expected to be despatched to the Shareholders on or before 24 November 2023.

## **1. THE FINANCIAL SERVICES FRAMEWORK AGREEMENTS**

### **Introduction**

References are made to the announcements of the Company dated 18 March 2015, 10 November 2017 and 10 November 2020, and the circulars of the Company dated 20 April 2015, 30 November 2017 and 25 November 2020 in relation to, among others, the Financial Services Framework Agreements. The Company has served a notice to each of CGNPC Huasheng and CGN Finance to renew the term of the Financial Services (CGNPC Huasheng) Framework Agreement and the Financial Services (CGN Finance) Framework Agreement, respectively, upon the expiry of their respective terms on 31 December 2023. Subject to the compliance of the Listing Rules by the Company, the Financial Services Framework Agreements will be renewed for three financial years from the Renewal Date and shall continue up to and including 31 December 2026.

The principal terms of the Financial Services Framework Agreements are summarized below.

#### ***(a) Renewal of the Financial Services (CGNPC Huasheng) Framework Agreement***

*Date*

12 September 2014

*Parties*

- (1) The Company; and
- (2) CGNPC Huasheng

*Principal terms*

Pursuant to the Financial Services (CGNPC Huasheng) Framework Agreement, the Group may from time to time deposit money with CGNPC Huasheng, through arrangements set up with third party commercial bank(s). CGNPC Huasheng shall accept deposits from the Group at an interest rate not less than the highest interest rate for the same type of deposit as may be offered in Hong Kong by (i) major independent third party commercial banks to the Group; and (ii) CGNPC Huasheng to other offshore subsidiaries, associates or affiliated companies of CGN. As CGNPC Huasheng is not a licensed deposit-taking company in Hong Kong, such deposit arrangements between the Group and CGNPC Huasheng in Hong Kong will be arranged through commercial bank(s) or other licensed financial institution(s) with which the deposit placing company within the Group and CGNPC Huasheng have opened and maintained depository accounts. Under such arrangement, the commercial bank(s) or other financial institution(s) are merely facilitating the deposit arrangements between the Group and CGNPC Huasheng. Once a deposit is placed, it will be automatically transferred to the account(s) maintained at such commercial bank(s) or other financial institution(s) under the name of CGNPC Huasheng. In return, CGNPC Huasheng shall offer interest at a rate of not less than the above-mentioned benchmark rate to the Group.

Subject to the compliance with applicable laws and regulations, money deposited by the Group with CGNPC Huasheng may be deployed by CGNPC Huasheng for other purposes including the provision of loans or other credit facilities to the Group and other subsidiaries, associates or affiliated companies of CGN in the ordinary course of its business. The Group may early withdraw the Group's deposits, together with any interest accrued and other receivables, before the deposit maturity date after a reasonable written notice is given to CGNPC Huasheng.

Related to the above deposit services arrangements, the Group may from time to time request CGNPC Huasheng to provide loan services, including the provision of loan facilities, credit lines, revolving facilities, guarantees, bill acceptance and bill discount services, and finance leasing services. CGNPC Huasheng shall provide such loan services to the Group at an interest rate not higher than (i) the lowest interest rate as may be offered by any major third party commercial bank or financial institution to the Group, and (ii) the lowest interest rate as may be offered by CGNPC Huasheng to other subsidiaries, associates or affiliated companies of CGN, for the same type of loan services. The relevant subsidiaries of the Group will not be required to provide any security for such loan services provided that the amount of the loans does not exceed the maximum amount of deposits placed by such subsidiaries of the Group with CGNPC Huasheng. As at the date of this announcement, the Company had outstanding loan balance of US\$250 million due to CGNPC Huasheng. In the event that the Group will require any loan or other financial services from CGNPC Huasheng under the Financial Services (CGNPC Huasheng) Framework Agreement for the three years ending 31 December 2026, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules accordingly.

The Group may from time to time request CGNPC Huasheng to provide intra-group or external settlement, transmittance or foreign exchange services outside the PRC or from Hong Kong to the PRC with deposits that have been placed by the Group with CGNPC Huasheng. CGNPC Huasheng shall provide such services to the Group at a service charge not higher than (i) the lowest service charge as may be offered by major independent third party commercial banks to the Group, and (ii) the lowest service charge that may be offered by CGNPC Huasheng to other subsidiaries, associates or affiliated companies of CGN outside the PRC for the same type of services.

CGNPC Huasheng shall provide the requisite services to the relevant subsidiaries of the Group which place deposits with it respectively to allow such relevant subsidiaries to choose to automatically rollover time deposits arrangements on the same terms and for the same duration without further instructions and authorization, unless and until CGNPC Huasheng receives instructions to terminate such automatic rollover arrangements.

In the event of breach of any terms and conditions of the Financial Services (CGNPC Huasheng) Framework Agreement, the Company is, without prejudice to other rights and remedies of the Group, entitled to inform CGNPC Huasheng that all or part of the deposits placed by the Group to CGNPC Huasheng is immediately mature and request CGNPC Huasheng to repay all or part of the deposits, together with interest and all other fees payable immediately to the Group.



The Financial Services (CGNPC Huasheng) Framework Agreement does not prevent the Group from utilizing the depository services and other financial services set out therein provided by third party financial institutions or commercial banks. The Group is under no obligation or responsibility, and it is the Group's absolute discretion as to whether, to utilize the depository services and the financial services provided by CGNPC Huasheng as set out in the Financial Services (CGNPC Huasheng) Framework Agreement. At the same time, it is the sole discretion of CGNPC Huasheng as to whether to accept deposits from or provide other financial services to the Group as set out in the Financial Services (CGNPC Huasheng) Framework Agreement.

#### *Duration*

The proposed term of the Financial Services (CGNPC Huasheng) Framework Agreement will, which is conditional upon the approval by the Independent Shareholders of the renewal of the Financial Services (CGNPC Huasheng) Framework Agreement and Financial Services Annual Caps at the Special General Meeting, commence on the Renewal Date, and shall continue up to and including 31 December 2026. The Financial Services (CGNPC Huasheng) Framework Agreement shall terminate on expiration of the then current term unless the Company notifies CGNPC Huasheng of its intention to extend the term for another three financial years within three months prior to the expiration of the then current term and complies with the relevant requirements under the Listing Rules. Further, the Company and CGNPC Huasheng shall have the right to terminate the Financial Services (CGNPC Huasheng) Framework Agreement by mutual agreement in writing among the parties with one month's advance notice. Subject to the compliance with the Listing Rules, there is no limit on the number of times that the term of the Financial Services (CGNPC Huasheng) Framework Agreement may be renewed in accordance with the above-mentioned procedures.

#### *Historical figures*

Please refer to the subsection headed “(b) *Renewal of the Financial Services (CGN Finance) Framework Agreement – Historical figures*” below for the details on the maximum daily outstanding balance of deposits placed by the Group with CGNPC Huasheng (including interest received) for the two years ended 31 December 2022 and the six months ended 30 June 2023 in relation to the similar financial services arrangements entered into by the Group with CGNPC Huasheng and the transactions contemplated under the Financial Services (CGNPC Huasheng) Framework Agreement.

*Reasons for and benefits of the renewal of the Financial Services (CGNPC Huasheng) Framework Agreement*

The role of CGNPC Huasheng is similar to a cash pooling centre via which funds from different subsidiary companies within the Group and the CGN Group outside the PRC are concentrated into the accounts maintained by CGNPC Huasheng in Hong Kong which, in return, will pay interest on deposits received or charge interest on the loans provided. Through CGNPC Huasheng (and thereby centralized fund management), the Group and the CGN Group can enjoy the benefit of efficiency enhancement in fund deployment between subsidiaries of its group. The centralized cash management exercise primarily aims to enable cash surpluses of some members of the Group and the CGN Group to cover the funding requirements of others, which can reduce or remove the need for external financing. In addition, given that the interest rates offered by CGNPC Huasheng to the Group in respect of deposit services shall not be less than the highest interest rate for the same type of deposit as may be offered by major independent third party commercial banks to the Group in Hong Kong, entering into the Financial Services (CGNPC Huasheng) Framework Agreement will be beneficial to and in the interest of the Group. Ultimately, the primary aim is to optimize the efficient use of cash resources among the members of the Group and the CGN Group.

The Group is expected to benefit from the CGN Group's familiarity with the Group's industry and operations. Through years of cooperation, CGNPC Huasheng has become familiar with the Group's capital structure, business operations, funding needs, cash flow pattern, cash management and the overall financial administrative system of the Group, which enables it to render more expedient, efficient and flexible services to the Group as compared to other commercial banks and independent financial institutions in Hong Kong.

The Directors (excluding the independent non-executive Directors who will provide their views after considering the opinion of the independent financial adviser) consider that the terms of the Financial Services (CGNPC Huasheng) Framework Agreement are in the ordinary and usual course of business of the Group, on normal commercial terms and, together with the Financial Services Annual Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.



**(b) *Renewal of the Financial Services (CGN Finance) Framework Agreement***

*Date*

12 September 2014

*Parties*

- (1) The Company; and
- (2) CGN Finance

*Principal terms (as amended)*

Pursuant to the Financial Services (CGN Finance) Framework Agreement, the Group may from time to time deposit money with CGN Finance in the PRC. CGN Finance shall accept deposits from the Group at an interest rate not less than the highest interest rate for the same type of deposit as may be offered in the PRC by (i) major independent third party commercial banks to the Group; and (ii) CGN Finance to other onshore subsidiaries, associates or affiliated companies of CGN. Such deposit placing company within the Group will open and maintain RMB depository accounts with CGN Finance.

Subject to the compliance with applicable laws and regulations, money deposited by the Group with CGN Finance may be deployed by CGN Finance for the provision of loans or other credit facilities to the Group and other subsidiaries, associates and affiliated companies of CGN Group in the PRC similar to those provided by the PBOC or one or more other commercial banks in the PRC in the ordinary course of its business. The Group may early withdraw its deposits, together with any interest accrued and other receivables, before the deposit maturity date after a reasonable written notice is given to CGN Finance.

According to CGN Finance, based on the Administrative Measures for Enterprise Group Financial Companies (China Banking and Insurance Regulatory Commission Order No. 6 of 2022) effective from 13 November 2022, it will not provide the services of guarantees, bill commitment and finance leasing. Accordingly, the parties to the Financial Services (CGN Finance) Framework Agreement have agreed to amend the scope of loan and financial services provided by CGN Finance to reflect the above changes. Specifically, pursuant to the amendment, related to the above deposit services arrangements, the Group may from time to time request CGN Finance to provide loan services, including the provision of loan facilities, credit lines, revolving facilities, non-financing letters of guarantees, bill acceptance and bill discount services.

CGN Finance shall provide such loan services to the Group at an interest rate not higher than (i) the lowest interest rate as may be offered by any major third party commercial bank or financial institution to the Group; and (ii) the lowest interest rate as may be offered by CGN Finance to other subsidiaries, associates or affiliated companies of CGN, for the same type of loan services. The relevant subsidiaries of the Group will not be required to provide any security for such loan services provided that the amount of the loans does not exceed the maximum amount of deposits placed by such subsidiaries of the Group with CGN Finance. As at the date of this announcement, the Company had outstanding loan balance of approximately RMB2.1 billion due to CGN Finance. In the event that the Group will require any loan or other financial services from CGN Finance under the Financial Services (CGN Finance) Framework Agreement during the three years ending 31 December 2026, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules accordingly.

The Group may from time to time request CGN Finance to provide intra group or external settlement, transmittance or foreign exchange services within the PRC or from the PRC to Hong Kong, with deposits that have been placed by the Group with CGN Finance. CGN Finance shall provide such services to the Group at a service charge not higher than (i) the lowest service charge as may be offered by major independent third party commercial banks to the Group; and (ii) the lowest service charge that may be offered by CGN Finance to other subsidiaries, associates or affiliated companies of CGN within the PRC, for the same type of services.

In the event of breach of any terms and conditions of the Financial Services (CGN Finance) Framework Agreement, the Company is, without prejudice to other rights and remedies of the Group, entitled to inform CGN Finance that all or part of the deposits placed by the Group to CGN Finance is immediately mature and request CGN Finance to repay all or part of the deposits, together with interest and all other fees payable immediately to the Group.

The Financial Services (CGN Finance) Framework Agreement does not prevent the Group from utilizing the depository services and other financial services set out therein provided by third party financial institutions or commercial banks. The Group is under no obligation or responsibility, and it is the Group's absolute discretion as to whether, to utilize the depository services and the financial services provided by CGN Finance as set out in the Financial Services (CGN Finance) Framework Agreement. At the same time, it is the sole discretion of CGN Finance as to whether to accept deposits from or provide other financial services to the Group as set out in the Financial Services (CGN Finance) Framework Agreement.

*The reasons for the amendment to the Financial Services (CGN Finance) Framework Agreement*

The amendment to the Financial Services (CGN Finance) Framework Agreement is due to the compliance with the Administrative Measures for Enterprise Group Financial Companies by CGN Finance.

*Duration*

The proposed term of the Financial Services (CGN Finance) Framework Agreement will, which is conditional upon the approval by the Independent Shareholders of the renewal of the Financial Services (CGN Finance) Framework Agreement and Financial Services Annual Caps at the Special General Meeting, commence on the Renewal Date, and shall continue up to and including 31 December 2026. The Financial Services (CGN Finance) Framework Agreement shall terminate on expiration of the then current term unless the Company notifies CGN Finance of its intention to extend the term for another three financial years within three months prior to the expiration of the then current term and complies with the relevant requirements under the Listing Rules. Further, the Company and CGN Finance shall have the right to terminate the Financial Services (CGN Finance) Framework Agreement by mutual agreement in writing among the parties with one-month's advance notice. Subject to the compliance with the Listing Rules, there is no limit on the number of times that the term of the Financial Services (CGN Finance) Framework Agreement may be renewed in accordance with the above-mentioned procedures.

*Differences in the terms of the financial services offered by CGNPC Huasheng and CGN Finance*

- (1) Save and except the following material differences, there are no material differences in the terms of the financial services offered by CGNPC Huasheng and CGN Finance:
  - (a) It is provided in the Financial Services (CGNPC Huasheng) Framework Agreement that CGNPC Huasheng shall provide the requisite services to the relevant subsidiaries of the Group which place deposits with it respectively to allow such relevant subsidiaries to choose to automatically rollover time deposits arrangements on the same terms and for the same duration without further instructions and authorization, unless and until CGNPC Huasheng receives instructions to terminate such automatic rollover arrangements. However, there is no such arrangement in the Financial Services (CGN Finance) Framework Agreement.
  - (b) Under the Financial Services (CGNPC Huasheng) Framework Agreement, there is no currency requirement for the depository accounts opened and maintained with CGNPC Huasheng, while the depository accounts opened and maintained with CGN Finance under the Financial Services (CGN Finance) Framework Agreement should be in RMB.
  - (c) The provision of financial services by CGNPC Huasheng is governed by Hong Kong laws, while the provision of financial services by CGN Finance is governed by PRC laws.
  - (d) According to the Administrative Measures for Enterprise Group Financial Companies, the scope of financial services provided by CGN Finance is amended as set out in the subsection headed “*Principal terms (as amended)*” above.
- (2) The Group determines whether to place deposit to CGNPC Huasheng or CGN Finance based on the place of incorporation of the relevant Group company. If the relevant Group company is incorporated in the PRC, its funds will be deposited to CGN Finance. If the relevant Group company is incorporated outside of the PRC, the funds will be deposited to CGNPC Huasheng.

### *Historical figures*

The maximum daily outstanding balance of deposits placed by the Group with CGNPC Huasheng and CGN Finance (including their respective interest received), for the two years ended 31 December 2022 and the six months ended 30 June 2023 in relation to the similar financial services arrangements entered into by the Group with CGNPC Huasheng and CGN Finance, respectively, and the transactions contemplated under the Financial Services Framework Agreements were as follows:

		<b>For the year ended 31 December 2021 <i>(US\$ million)</i></b>	<b>For the year ended 31 December 2022 <i>(US\$ million)</i></b>	<b>For the six months ended 30 June 2023 <i>(US\$ million)</i></b>
Maximum daily outstanding balance of deposits (with interest)	CGNPC Huasheng	251	24	43
	CGN Finance	<u>308</u>	<u>502</u>	<u>466</u>
	<b>Total</b>	<b><u>559</u></b>	<b><u>526</u></b>	<b><u>509</u></b>

The existing annual caps for the maximum daily outstanding balance of deposits to be placed and the relevant interest to be received under the Financial Services Framework Agreements are US\$610 million, US\$640 million and US\$680 million for the three years ending 31 December 2023, respectively.

As the maximum daily outstanding balances of deposits with interest for each of CGNPC Huasheng and CGN Finance did not take place concurrently, the Company confirms that the maximum daily outstanding balance of deposits placed by the Group with CGNPC Huasheng and CGN Finance, together with interest received for the period set out above was within the corresponding annual caps for such relevant period and that the annual cap for the year ending 31 December 2023 is not expected to be exceeded.

As at 31 December 2021, 31 December 2022 and 30 June 2023, approximately 97%, 82% and 87% of the Group's total cash and bank balance were placed under the Financial Services Framework Agreements, respectively.

*Reasons for and benefits of the renewal of the Financial Services (CGN Finance) Framework Agreement*

The role of CGN Finance is similar to a cash pooling centre via which funds from different members within the Group and the CGN Group (and its affiliates) in the PRC are concentrated into the accounts maintained by CGN Finance in the PRC which, in return, will pay interest on deposits received or charge interest on the loans provided. Through CGN Finance (and thereby centralized fund management), the Group and the CGN Group can enjoy the benefit of efficiency enhancement in fund deployment between subsidiaries of its group in the PRC. The centralized cash management exercise primarily aims to enable cash surpluses of some members of the Group and the CGN Group to cover the funding requirements of others in the PRC, which can reduce or remove the need for external financing. In addition, given that the interest rates offered by CGN Finance to the Group in respect of deposit services shall not be less than the highest interest rate for the same type of deposit as may be offered by major independent third party commercial banks to the Group in the PRC, and therefore entering into the Financial Services (CGN Finance) Framework Agreement will be beneficial to and in the interest of the Group. Ultimately, the primary aim is to optimize the efficient use of cash resources among the members of the Group and the CGN Group (and its affiliates) in the PRC.

The Directors (excluding the independent non-executive Directors who will provide their views after considering the opinion of the independent financial adviser) consider that the terms of the Financial Services (CGN Finance) Framework Agreement (including the amendment) are in the ordinary and usual course of business of the Group, on normal commercial terms and, together with the Financial Services Annual Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

*Financial Services Annual Caps*

As the nature of the services to be provided to the Group under the Financial Services Framework Agreements is similar, the estimated annual caps for the maximum daily outstanding balance of deposits to be placed by the Group with CGNPC Huasheng and CGN Finance under the Financial Services Framework Agreements, together with the relevant interest to be received, for the three years ending 31 December 2026 have been aggregated and are as follows:

<b>For the year ending 31 December 2024</b> <i>(US\$ million)</i>	<b>For the year ending 31 December 2025</b> <i>(US\$ million)</i>	<b>For the year ending 31 December 2026</b> <i>(US\$ million)</i>
800	830	870



Since the Group or the relevant subsidiaries of the Group will not be required to provide any security on the loan services provided by CGNPC Huasheng and/or CGN Finance under the Financial Services Framework Agreements provided that the amount of the loans does not exceed the maximum amount of deposits placed by such subsidiaries of the Group with CGNPC Huasheng and/or CGN Finance (as the case may be) and such loan transactions will be conducted on normal commercial terms or better, such transactions are fully exempt under Rule 14A.90 of the Listing Rules. Therefore, no annual caps are set for such loan transactions.

As at date of this announcement, the Group does not have any plan to engage CGNPC Huasheng and/or CGN Finance to provide other financial services to the Group. Therefore, no annual caps are set for such other financial services transactions.

In arriving at the above Financial Services Annual Caps, the following factors have been considered:

- (1) the total amount of deposits that the Group has placed with CGNPC Huasheng and CGN Finance for the two years ended 31 December 2022 and the six months ended 30 June 2023 and the Group's expected available free cash for the three years ending 31 December 2026 by taking into account (i) the actual cash balance of the Group as at 30 June 2023 of approximately US\$340 million; (ii) the expected cash flow to be generated from operation for the next three financial years; and (iii) the projected interest income of the Group for the three years ending 31 December 2026;
- (2) the external funding to be obtained for the expected expansion of the size of the Group (eg. the establishment of new projects and/or the potential acquisitions of power projects) and to be placed under the Financial Services Framework Agreements;
- (3) the amount of deposits historically made by the Group with other independent commercial banks;

- (4) the utilization of the depository services when considered in the context of the other financial services (including the loan services and the settlement services) that are available to the Group can greatly facilitate deployment of surplus funds within the Group which can have a material impact as the business of the Group grows and its cash resources increase;
- (5) the strategies for treasury management of the Group, taking into account the business development plans and the financial needs of the Group; and
- (6) the possible favorable interest rate to be obtained by the Group from CGNPC Huasheng and CGN Finance compared with interest rate that could otherwise be obtained by placing deposits with independent commercial bank(s) or financial institution(s).

*Internal control measures for transactions under the Financial Services Framework Agreements*

In order to safeguard the interests of the Group, each of the Financial Services Framework Agreements provides for the following monitoring and internal controls measures:

- (1) before the Company or any of its subsidiaries enters into any fixed deposit services with CGNPC Huasheng or CGN Finance (as the case may be), the finance department of the relevant member of the Group will, based on the then funding needs and the liquidity position of the Group, determine the type and terms of the deposits. The finance department will then obtain the rates and terms offered by CGNPC Huasheng or CGN Finance (as the case may be) and at least two other independent financial institutions in Hong Kong or in the PRC for deposits of similar type for the same period. After comparing the quotes, if the finance department confirms that the rates and terms offered by CGNPC Huasheng or CGN Finance (as the case may be) (i) are no less favorable to the Group than those offered by other independent financial institutions in Hong Kong or in the PRC; and (ii) comply with the terms and conditions of the Financial Services Framework Agreements, it will submit an application to the chief financial officer of the relevant member of the Group for consideration and if appropriate, approval. Records of the quotes, the recommendations and the approval notes will be kept by the Group for sample checking by the auditor;

- (2) the Group will, during the interim period after the expiry of the fixed deposit placed with CGNPC Huasheng or CGN Finance (as the case may be) until the withdrawal of the funds, place the current deposits with CGNPC Huasheng or CGN Finance (as the case may be). The finance department of the Group will monitor the comparable market interest rates from at least two independent financial institutions in Hong Kong or in the PRC to ensure that the interest rates offered by CGNPC Huasheng or CGN Finance (as the case may be) are no less favorable to the Group, and will withdraw the current deposits from CGNPC Huasheng or CGN Finance (as the case may be) if the interest rates they offer are less favorable to the Group;
- (3) each of CGNPC Huasheng and CGN Finance shall during the regular business hours on each business day provide the Company with a daily report on the status of the Group's deposits with CGNPC Huasheng and CGN Finance (as the case may be) to allow the Group to monitor and ensure that the aggregate daily deposit balance (including interests accrued thereon) with CGNPC Huasheng and CGN Finance do not exceed the Financial Services Annual Caps;
- (4) CGNPC Huasheng and CGN Finance shall set up and maintain, or procure the setting up and maintenance of, a secured and stable online system through which the relevant subsidiaries of the Group which deposit money with CGNPC Huasheng or CGN Finance (as the case may be) can view the balance of such deposits at any time on any day;
- (5) CGNPC Huasheng and CGN Finance shall, in taking the deposits from the Group, not affect the normal use of the deposits by the Group. By no later than the seventh business day of each month, the relevant subsidiaries of the Group which deposit money with CGNPC Huasheng or CGN Finance (as the case may be) will submit a report to CGNPC Huasheng or CGN Finance (as the case may be) on their funding requirements for the month to ensure that deployment by CGNPC Huasheng and CGN Finance of the funds deposited with them will not inhibit or restrict the ability of the relevant subsidiaries of the Group from utilizing their funds, and if the relevant subsidiaries of the Group inform CGNPC Huasheng or CGN Finance (as the case may be) of any fund utilization exceeding the reported funding requirement at any time, CGNPC Huasheng or CGN Finance (as the case may be) shall use its best efforts to procure that there will be sufficient funds for the relevant subsidiaries of the Group to withdraw from and shall respond within one business day to confirm whether the requested utilization amount is available for withdrawal;

- (6) CGNPC Huasheng and CGN Finance shall facilitate any annual inspection by the Group of the management of the deposits placed by the Group with CGNPC Huasheng and CGN Finance respectively, including inspection of records of fund flows, interest rates and payments provided to the Group's deposits, the balances of the Group's deposits placed, and other information and records that may be required by the Company's auditor for the purpose of reporting on the relevant continuing connected transactions;
- (7) the Group will evaluate and assess the financial performance and position of CGNPC Huasheng and CGN Finance on a quarterly basis, based on its review of the management accounts of CGNPC Huasheng and CGN Finance;
- (8) each of CGNPC Huasheng and CGN Finance will provide its annual financial report and other documents and information to the Company at its request; and
- (9) in accordance with the Listing Rules, (i) the independent auditor of the Group will continue to report annually on the transactions under the Financial Services Framework Agreements to confirm, among other things, whether the transactions were entered into in accordance with the Financial Services Framework Agreements and the pricing policies of the Group; and (ii) the independent non-executive Directors will continue to report annually on whether the transactions under the Financial Services Framework Agreements are, among other things, on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **2. THE OPERATION AND MANAGEMENT SERVICES FRAMEWORK AGREEMENTS**

### **Introduction**

References are made to the announcements of the Company dated 17 June 2015, 29 December 2016, 10 November 2017, 4 December 2019, and 10 November 2020 and the circulars of the Company dated 30 November 2017 and 25 November 2020 in relation to, among others, the Operation and Management Services (Wind Energy) Framework Agreement, the Operation and Management Services (CGN Energy) Framework Agreement and the Operation and Management Services (Huamei Holding) Framework Agreement. The Company has served a notice to each of CGN Wind Energy, CGN Energy and Huamei Holding to renew the term of the Operation and Management Services (Wind Energy) Framework Agreement, the Operation and Management Services (CGN Energy) Framework Agreement and the Operation and Management Services (Huamei Holding) Framework Agreement, respectively, upon the expiry of their respective terms on 31 December 2023. Subject to the compliance of the Listing Rules by the Company, the Operation and Management Services Framework Agreements will be renewed for three financial years from the Renewal Date and shall continue up to and including 31 December 2026.

The principal terms of the Operation and Management Services Framework Agreements are summarized below.

#### ***(a) Renewal of the Operation and Management Services (Wind Energy) Framework Agreement***

##### *Date*

17 June 2015

##### *Parties*

- (1) The Company; and
- (2) CGN Wind Energy

### *Principal terms*

Pursuant to the Operation and Management Services (Wind Energy) Framework Agreement, the Company agreed to provide, or procure a subsidiary of the Company to provide, operation and management services to power projects (whether in operation or under construction) in which CGN Wind Energy has interest. The relevant subsidiaries of the Company will provide comprehensive operation and management services according to the requirements of the service recipient, and may appoint personnel to be responsible for or to be involved in the operations management, financial management, human resources management, technical management, information management, and/or safety management of the relevant power project or the company which holds interest in the relevant power project.

The operation and management services may include assets and equity interest management, developing grid connection plans and strategies, developing pricing strategies, equipment procurement, maintenance and overhaul of equipment, capital and other financial management, provision of accounting and internal audit management services, provision of technical training, project planning and budgeting, budget management, costs management, performance targets management and setting of incentive schemes, etc. It is envisaged that the extent of the services to be provided by the relevant subsidiaries of the Company will depend on the percentage of interest the service recipient holds in a particular power project (for example, whether it is a majority interest or minority interest), and whether the services will be provided at the project company level or at the shareholder company level.

An operation and management services agreement, which will be prepared based on the terms under the Operation and Management Services (Wind Energy) Framework Agreement and provide for detailed terms of each operation and management services arrangement, will be entered into for the services to be provided to the relevant power project, or the company which holds interest in a power project.



### *Management fees*

The management fees payable by the service recipient to the service provider will be determined on a “cost-plus” basis, namely the service provider will charge a service fee that represents a 5% margin over the expenses that will be incurred by the service provider in providing the operation and management services to the service recipient. The “cost-plus” basis and the 5% margin were determined by the parties based on arm’s length negotiation with reference to the margin charged for similar services in the market, the margin charged by the Group for the provision of services by the Group in similar historical transactions and the PBOC benchmark lending and deposit interest rates.

### *Duration*

The Company has served a notice to CGN Wind Energy to renew the Operation and Management Services (Wind Energy) Framework Agreement for a term of three years from the Renewal Date to 31 December 2026. Further, the Company and CGN Wind Energy shall have the right to terminate the Operation and Management Services (Wind Energy) Framework Agreement by mutual agreement in writing among the parties with one month’s advance notice. Save for the renewal of the term of the agreement, the principal terms of the renewed Operation and Management Services (Wind Energy) Framework Agreement shall remain the same as the original Operation and Management Services (Wind Energy) Framework Agreement (including the calculation of the management fees).

### ***(b) Renewal of The Operation and Management Services (CGN Energy) Framework Agreement***

#### *Date*

20 August 2014

#### *Parties*

- (1) The Company; and
- (2) CGN Energy

### *Principal terms*

Pursuant to the Operation and Management Services (CGN Energy) Framework Agreement, the Company agreed to provide, or procure a subsidiary of the Company to provide, operation and management services to power projects (whether in operation or under construction) in which CGN Energy has interest. The relevant subsidiaries of the Company will provide comprehensive operation and management services according to the requirements of the service recipient, and may appoint personnel to be responsible for or to be involved in the operations management, financial management, human resources management, technical management, information management, and/or safety management of the relevant power project or the company which holds interest in the relevant power project.

The operation and management services may include assets and equity interest management, developing grid connection plans and strategies, developing pricing strategies, fuel procurement, equipment procurement, maintenance and overhaul of equipment, capital and other financial management, provision of accounting and internal audit management services, provision of technical training, project planning and budgeting, budget management, costs management, performance targets management and setting of incentive schemes, etc. It is envisaged that the extent of the services to be provided by the relevant subsidiaries of the Company will depend on the percentage of interest the service recipient holds in a particular power project (for example, whether it is a majority interest or minority interest), and whether the services will be provided at the project company level or at the shareholder company level.

An operation and management services agreement, which will be prepared based on the terms under the Operation and Management Services (CGN Energy) Framework Agreement and provide for detailed terms of each operation and management services arrangement, will be entered into for the services to be provided to the relevant power project, or the company which holds interest in a power project.

### *Management fees*

The management fees payable by the service recipient to the service provider will be determined on a “cost-plus” basis, namely the service provider will charge a service fee that represents a 5% margin over the expenses that will be incurred by the service provider in providing the operation and management services to the service recipient. The “cost-plus” basis and the 5% margin were determined by the parties based on arm’s length negotiation with reference to the margin charged for similar services in the market, the margin charged by the Group for the provision of services by the Group in similar historical transactions and the PBOC benchmark lending and deposit interest rates.

### *Duration*

The Company has served a notice to CGN Energy to renew the Operation and Management Services (CGN Energy) Framework Agreement for a term of three years from the Renewal Date to 31 December 2026. Further, the Company and CGN Energy shall have the right to terminate the Operation and Management Services (CGN Energy) Framework Agreement by mutual agreement in writing among the parties with one month’s advance notice. Save for the renewal of the term of the agreement, the principal terms of the renewed Operation and Management Services (CGN Energy) Framework Agreement shall remain the same as the original Operation and Management Services (CGN Energy) Framework Agreement (including the calculation of the management fees).

### **(c) *Renewal of The Operation and Management Services (Huamei Holding) Framework Agreement***

#### *Date*

15 September 2014

#### *Parties*

- (1) The Company; and
- (2) Huamei Holding

### *Principal terms*

Pursuant to the Operation and Management Services (Huamei Holding) Framework Agreement, the Company agreed to provide, or procure a subsidiary of the Company to provide, operation and management services to power projects (whether in operation or under construction) in which Huamei Holding has interest. The relevant subsidiaries of the Company will provide comprehensive operation and management services according to the requirements of the service recipient, and may appoint personnel to be responsible for or to be involved in the operations management, financial management, human resources management, technical management, information management, and/or safety management of the relevant power project or the company which holds interest in the relevant power project.

The operation and management services may include assets and equity interest management, developing grid connection plans and strategies, developing pricing strategies, fuel procurement, equipment procurement, maintenance and overhaul of equipment, capital and other financial management, provision of accounting and internal audit management services, provision of technical training, project planning and budgeting, budget management, costs management, performance targets management and setting of incentive schemes, etc. It is envisaged that the extent of the services to be provided by the relevant subsidiaries of the Company will depend on the percentage of interest the service recipient holds in a particular power project (for example, whether it is a majority interest or minority interest), and whether the services will be provided at the project company level or at the shareholder company level.

An operation and management services agreement, which will be prepared based on the terms under the Operation and Management Services (Huamei Holding) Framework Agreement and provide for detailed terms of each operation and management services arrangement, will be entered into for the services to be provided to the relevant power project, or the company which holds interest in a power project.

### *Management fees*

The management fees payable by the service recipient to the service provider will be determined on a “cost-plus” basis, namely the service provider will charge a service fee that represents a 5% margin over the expenses that will be incurred by the service provider in providing the operation and management services to the service recipient. The “cost-plus” basis and the 5% margin were determined by the parties based on arm’s length negotiation with reference to the margin charged for similar services in the market, the margin charged by the Group for the provision of services by the Group in similar historical transactions and the PBOC benchmark lending and deposit interest rates.

### *Duration*

The Company has served a notice to Huamei Holding to renew the Operation and Management Services (Huamei Holding) Framework Agreement for a term of three years from the Renewal Date to 31 December 2026. Further, the Company and Huamei Holding shall have the right to terminate the Operation and Management Services (Huamei Holding) Framework Agreement by mutual agreement in writing among the parties with one month's advance notice. Save for the renewal of the term of the agreement, the principal terms of the renewed Operation and Management Services (Huamei Holding) Framework Agreement shall remain the same as the original Operation and Management Services (Huamei Holding) Framework Agreement (including the calculation of the management fees).

### *Historical figures*

The following table shows the amount of the management fees paid or payable to the Group under the Operation and Management Services Framework Agreements for the two years ended 31 December 2022 and for the six months ended 30 June 2023:

<b>For the year ended 31 December 2021</b> <i>(US\$ million)</i>	<b>For the year ended 31 December 2022</b> <i>(US\$ million)</i>	<b>For the six months ended 30 June 2023</b> <i>(US\$ million)</i>
28.8	27.0	10.3

### *Reasons for and benefits of the renewal of the Operation and Management Services Framework Agreements*

The Operation and Management Services Framework Agreements have been entered into as a measure to help the Company monitor the status and performance of some of the existing retained business of the CGN Group and, therefore, help mitigate the concern of potential competition. By providing the services under the Operation and Management Services Framework Agreements, the Group shall have some degree of control and involvement in the relevant power projects which will enable the Group to understand and monitor the managed projects of the CGN Group and thereby help the Company assess whether it will make commercial sense to exercise the right granted by CGN under the non-competition deed executed by CGN to acquire those projects and when it will be an appropriate time to do so.

The Directors (including the independent non-executive Directors) consider that the terms of the Operation and Management Services Framework Agreements are in the ordinary and usual course of business of the Group, on normal commercial terms and together with the Operation and Management Services Annual Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

*Operation and Management Services Annual Caps*

As the nature of the services to be provided under the Operation and Management Services Framework Agreements is similar, the Operation and Management Services Annual Caps for the management fees payable to the Company under the Operation and Management Services Framework Agreements shall be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules. The Operation and Management Services Annual Caps for the management fees payable to the Company under the Operation and Management Services Framework Agreements for the three years ending 31 December 2026 are set out as follows:

<b>For the year ending 31 December 2024</b> <i>(US\$ million)</i>	<b>For the year ending 31 December 2025</b> <i>(US\$ million)</i>	<b>For the year ending 31 December 2026</b> <i>(US\$ million)</i>
43.0	45.0	47.0

In arriving at the Operation and Management Services Annual Caps, the following factors have been considered:

- (1) the gross installed capacity, commercial operation date and the expected installed capacity of the relevant power projects to be managed under the Operation and Management Services Framework Agreements;
- (2) CGN Wind Energy's, CGN Energy's and Huamei Holding's interest in each of the relevant power projects;
- (3) the historical and estimated costs and expenses, including staff costs, general and administrative expenses and overheads, for the operation of the relevant power projects; and
- (4) the historical aggregate management fees paid or payable under the existing Operation and Management Services Framework Agreements.



*Internal control measures for transactions under the Operation and Management Services Framework Agreements*

In order to safeguard the interests of the Group, the following internal control measures have been put in place:

- (1) the relevant departments of the Group will conduct regular checks to review and assess whether the transactions contemplated under the Operation and Management Services Framework Agreements are conducted in accordance with the terms thereof;
- (2) the Company will closely monitor the transaction amounts of the transactions contemplated under the Operation and Management Services Framework Agreements to ensure that the Operation and Management Services Annual Caps for each year during the term of the Operation and Management Services Framework Agreements will not be exceeded;
- (3) the Company will engage its external auditor to conduct an annual review on the transaction amounts and the Operation and Management Services Annual Caps of the transactions contemplated under the Operation and Management Services Framework Agreements; 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 agreements governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

***(d) Continuation of the provision of operation and management services to CGN Solar Energy after non-renewal of the Operation and Management Services (Solar Energy) Framework Agreement***

For the avoidance of doubt, the Operation and Management Services (Solar Energy) Framework Agreement will not be renewed since CGN Solar Energy has become a wholly owned subsidiary of CGN Wind Energy and the transactions contemplated under the Operation and Management Services (Solar Energy) Framework Agreement have been, and will continue to be, subsumed into the Operation and Management Services (Wind Energy) Framework Agreement.

As such, the relevant subsidiary(ies) of the Company will continue to provide operation and management services to power projects in which CGN Solar Energy has interest pursuant to the Operation and Management Services (Wind Energy) Framework Agreement mentioned above despite the non-renewal. The historical figures and future annual caps of such services are included in the figures set out in subsection headed “*Historical figures*” and “*Operation and Management Services Annual Caps*” above.

### **3. THE SHARED SERVICES AGREEMENT**

#### **Introduction**

Reference is made to the announcement of the Company dated 30 July 2021 in relation to, among others, the Shared Services Agreement. CGN Shenzhen has served a notice to each of CGN Wind Energy and CGN Energy to renew the term of the Shared Services Agreement, upon the expiry of its term on 31 December 2023. Subject to the compliance of the Listing Rules by the Company, the Shared Services Agreement will be renewed for three financial years from the Renewal Date and shall continue up to and including 31 December 2026.

The principal terms of the Shared Services Agreement are summarized below.

## ***Renewal of the Shared Services Agreement***

### *Date*

30 July 2021

### *Parties (as amended)*

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

### *Services to be provided*

Pursuant to the terms of the Shared Services Agreement, (i) CGN Wind Energy; (ii) CGN Energy; and (iii) their respective subsidiaries shall provide the Shared Services to CGN Shenzhen and its subsidiaries.

### *Scope of the Shared Services*

The Shared Services include: (i) usage of office and business premises; (ii) human resources support; (iii) repair and maintenance services; (iv) office and meeting administrative services; (v) sharing of insurance expenses; (vi) sharing of business support expenses; (vii) sharing of travel expenses; (viii) sharing of utilities expenses; (ix) sharing of training expenses; (x) information system support; and (xi) other operational resources support.

### *Service fees and payment terms*

The service fees payable by the service recipient to the service provider shall be determined on a “cost-plus” basis, namely that the service provider will charge a service fee representing a 5% administrative fee plus the actual costs and expenses that are incurred by such service provider in providing the Shared Services to the service recipient. The “cost-plus” basis and the 5% administrative fee were determined by the parties based on arm’s length negotiations and with reference to the margin that is currently charged by the Group for the provision of operation and management services by members of the Group to the power projects in which, among others, CGN Wind Energy and/or CGN Energy has interest, as summarized in the section headed “2. The Operation and Management Services Framework Agreements” in this announcement and disclosed in the announcement of the Company dated 10 November 2020 and the circular of the Company dated 25 November 2020 in relation to major transactions and continuing connected transactions.

The service fees payable by CGN Shenzhen and its subsidiaries pursuant to the Shared Services Agreement shall be settled in cash according to the invoice received on a half-yearly basis.

*Continuation of CGN Solar Energy's Shared Services after its removal as a party*

Given that CGN Solar Energy has become a wholly owned subsidiary of CGN Wind Energy, the Shared Services provided by CGN Solar Energy has become, and will continue to form, part of those provided by CGN Wind Energy. Accordingly, the parties to the Shared Services Agreement (including CGN Solar Energy) have agreed to remove CGN Solar Energy as one of the named parties to the Shared Services Agreement.

As such, CGN Solar Energy will continue to provide Shared Services to CGN Shenzhen and its subsidiaries under the Shared Services Agreement despite the removal. The historical figures and future annual caps of such services are included in the figures set out in subsection headed "*Historical figures*" and "*Shared Services Annual Caps*" below.

*Amendment and termination*

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

The Shared Services Agreement may be terminated by mutual consent in writing of all parties.

*Duration*

The Company has served a notice to each of CGN Wind Energy and CGN Energy to renew the Shared Services Agreement for a term of three years from the Renewal Date to 31 December 2026. Save for the renewal of the term of the agreement and the removal of CGN Solar Energy as a party, the principal terms of the renewed Shared Services Agreement shall remain the same as the original Shared Services Agreement (including the calculation of the service fees).

### *Historical figures*

The following table shows the amount of the service fees paid or payable by CGN Shenzhen and its subsidiaries to (i) CGN Wind Energy; (ii) CGN Energy; and (iii) their respective subsidiaries under the Shared Services Agreement for the period from 30 July 2021 to 31 December 2021, for the year ended 31 December 2022 and for the six months ended 30 June 2023:

<b>For the period from 30 July 2021 to 31 December 2021 (RMB million)</b>	<b>For the year ended 31 December 2022 (RMB million)</b>	<b>For the six months ended 30 June 2023 (RMB million)</b>
54.5	71.8	38.1

### *Reasons for and benefits of the renewal of the Shared Services Agreement*

(i) CGN Wind Energy; (ii) CGN Energy; and (iii) their respective subsidiaries are familiar with the requirements of CGN Shenzhen and its subsidiaries and are able to provide the Shared Services in an efficient and reliable manner that can meet the requirements of CGN Shenzhen and its subsidiaries which are also subsidiaries of CGN. The Shared Services Agreement is expected to, on the one hand, enable the Group to utilise the corporate support services provided by (i) CGN Wind Energy; (ii) CGN Energy; and (iii) their respective subsidiaries and, on the other hand, save the management and administrative costs of the Group in procuring similar services from a wide range of other service providers. The Company believes that the Shared Services Agreement will allow the Group to continue to leverage on the mature coverage of services already utilised by (i) CGN Wind Energy; (ii) CGN Energy; and (iii) their respective subsidiaries and the collective bargaining power of (i) CGN Wind Energy; (ii) CGN Energy; and (iii) their respective subsidiaries and CGN Shenzhen and its subsidiaries in the procurement of services in the future.

The Directors (including independent non-executive Directors) consider that the Shared 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 Shared Services Agreement, together with the Shared Services Annual Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### *Shared Services Annual Caps*

The Shared Services Annual Caps for the service fees payable by CGN Shenzhen and its subsidiaries to (i) CGN Wind Energy; (ii) CGN Energy; and (iii) their respective subsidiaries under the Shared Services Agreement for the three years ending 31 December 2026 are set out as follows:

<b>For the year ending 31 December 2024</b> <i>(RMB million)</i>	<b>For the year ending 31 December 2025</b> <i>(RMB million)</i>	<b>For the year ending 31 December 2026</b> <i>(RMB million)</i>
177.8	200.8	238.1

In arriving at the Shared Services Annual Caps, the following factors have been considered:

- (1) the historical usage pattern of the Shared Services;
- (2) the estimated amount of Shared Services required based on the expected demand of CGN Shenzhen and its subsidiaries; and
- (3) a reasonable buffer to allow for the fluctuations in costs of the Shared Services due to factors such as expected inflation in the PRC.

### *Internal control measures for transactions under the Shared Services Agreement*

In order to safeguard the interests of the Group, the following internal control measures have been put in place:

- (1) the relevant departments of the Group will conduct regular checks to review and assess whether the transactions contemplated under the Shared 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 Shared Services Agreement to ensure that the Shared Services Annual Caps for each year during the term of the Shared Services Agreement will not be exceeded;



- (3) the Company will engage its external auditor to conduct an annual review on the transaction amounts and the Shared Services Annual Caps of the transactions contemplated under the Shared 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.

## **INFORMATION ON THE PARTIES**

### **The Company**

The Company 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 Energy**

CGN Energy is a company established under the laws of the PRC and is principally engaged in investment holding. CGN Energy is an indirect wholly owned subsidiary of CGN.

### **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 43% equity interests in CGN Wind Energy directly and 24% equity interests 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.

## **CGNPC Huasheng**

CGNPC Huasheng is a wholly owned subsidiary of CGN which was incorporated in Hong Kong in January 2010 by the CGN Group for providing financial related services to members of the CGN Group outside the PRC including Hong Kong. CGNPC Huasheng is a licensed money lender in Hong Kong but not a licensed deposit-taking company or an authorized institution under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) in Hong Kong.

## **CGN Finance**

CGN Finance is a non-wholly owned subsidiary of CGN which was established in the PRC in July 1997 by the CGN Group for providing financial related services to members of the CGN Group in the PRC. As at the date of this announcement, CGN Finance is owned as to approximately 66.7% by CGN, 30% by China Nuclear Power Engineering Co., Ltd.\* (中廣核工程有限公司), and 3.3% by CGN Services Group Co., Ltd.\* (中廣核服務集團有限公司), respectively. For details of its ultimate beneficial owners, please refer to paragraphs headed “China Nuclear Power Engineering Co., Ltd.” and “CGN Services Group Co., Ltd.” below of this announcement. CGN Finance is a non-banking financial institution subject to the regulations of the PBOC and the China Banking and Insurance Regulatory Commission in the PRC.

## **Huamei Holding**

Huamei Holding is a company incorporated under the laws of Bermuda and is principally engaged in investment holding. Huamei Holding is a wholly owned subsidiary of CGN.

## **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 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 abovementioned 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.

### **China Nuclear Power Engineering Co., Ltd.**

China Nuclear Power Engineering Co., Ltd.\* (中廣核工程有限公司) is a non-wholly owned subsidiary of CGN incorporated in the PRC and a wholly owned subsidiary of CGN Power Co., Ltd.. It is principally engaged in contracting of nuclear power and civil construction projects, and engineering construction technical services and consultation. For details of its ultimate beneficial owners, please refer to paragraph headed "CGN Power Co., Ltd." below of this announcement.

### **CGN Services Group Co., Ltd.**

CGN Services Group Co., Ltd.\* (中廣核服務集團有限公司) is a wholly owned subsidiary of CGN incorporated 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, it is principally engaged in property management services.

### **CGN Power Co., Ltd.**

CGN Power Co., Ltd. (中國廣核電力股份有限公司) is a non-wholly owned subsidiary of CGN. It is principally engaged in the building, operation, management of nuclear power plants, selling of electricity generated by these nuclear power plants and organising design and research and development of nuclear power plants. Its shares are listed on both the Main Board of the Stock Exchange and the Shenzhen Stock Exchange.

## **APPROVAL BY THE BOARD**

None of the Directors has a material interest in the CCT Agreements. 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 CCT Agreements and their respective annual caps.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CGN is the controlling shareholder indirectly holding approximately 72.33% of the issued share capital of the Company. CGNPC Huasheng, CGN Finance, CGN Wind Energy, CGN Energy and Huamei Holding are subsidiaries of CGN, and are therefore connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the renewal of the CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the nature of the services to be provided to the Group under the Financial Services Framework Agreements is similar, the Financial Services Annual Caps for the maximum daily outstanding balance of deposits to be placed by the Group with CGNPC Huasheng and CGN Finance under the Financial Services Framework Agreements, together with the relevant interest to be received, shall be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules. Since one or more of the applicable percentage ratios in relation to the Financial Services Annual Caps exceeds 25% but is less than 100%, the transactions contemplated under the Financial Services Framework Agreements constitute major transactions and continuing connected transactions of the Company, which are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules, respectively.

As the nature of the services to be provided under the Operation and Management Services Framework Agreements is similar, the Operation and Management Services Annual Caps for the management fees payable to the Company under the Operation and Management Services Framework Agreements shall be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules. Since the highest of the applicable percentage ratios in relation to the Operation and Management Services Annual Caps for the Operation and Management Services Framework Agreements, on an annual and aggregate basis, exceeds 0.1% but is less than 5%, the transactions contemplated under the Operation and Management Services Framework Agreements 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.

Since the highest of the applicable percentage ratios in relation to the Shared Services Annual Caps exceeds 0.1% but is less than 5%, the transactions contemplated under the Shared 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 Company will convene the Special General Meeting for the purposes of, among others, seeking approval from the Independent Shareholders on the renewal of the Financial Services Framework Agreements and the Financial Services Annual Caps. The Independent Board Committee has been established to consider the renewal of the Financial Services Framework Agreements and the Financial Services Annual Caps, and to advise the Independent Shareholders as to whether the renewal of the Financial Services Framework Agreements and the Financial Services Annual Caps are in the interests of the Company and the Shareholders as a whole. Altus Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, further information on (i) the terms of the Financial Services Framework Agreements and the Financial Services Annual Caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the Special General Meeting, is expected to be despatched to the Shareholders on or before 24 November 2023.

## **DEFINITIONS**

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Altus Capital Limited”	Altus Capital Limited, a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the renewal of the Financial Services Framework Agreements and the Financial Services Annual Caps
“Board”	the board of Directors
“CCT Agreements”	collectively, the (i) Financial Services Framework Agreements; (ii) Operation and Management Services Framework Agreements; and (iii) Shared Services Agreement

“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 Energy”	CGN Energy Development Co., Ltd.* (中廣核能源開發有限責任公司), a company established in the PRC and an indirect wholly owned subsidiary of CGN
“CGN Finance”	CGN Finance Co., Ltd.* (中廣核財務有限責任公司), a company established in the PRC and a non-wholly owned subsidiary of CGN
“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
“CGNPC Huasheng”	CGNPC Huasheng Investment Limited* (中廣核華盛投資有限公司), a company established in Hong Kong and a wholly owned subsidiary of CGN
“CGN Solar Energy”	CGN Solar Energy Development Co., Ltd.* (中廣核太陽能開發有限公司), a company established in the PRC and a non-wholly owned subsidiary of CGN
“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”	directors of the Company
“Financial Services Annual Caps”	the proposed annual caps in respect of the transactions contemplated under the Financial Services Framework Agreements for each of the three years ending 31 December 2026
“Financial Services (CGN Finance) Framework Agreement”	the agreement in relation to the deposit and other financial services arrangements in the PRC provided by CGN Finance to the Group entered into on 12 September 2014, which was subsequently renewed for three further terms from 30 May 2015 to 31 December 2017, from 1 January 2018 to 31 December 2020, and from 1 January 2021 to 31 December 2023, the details of the renewals of the agreement were set out in the announcements of the Company dated 10 November 2017 and 10 November 2020 and the circulars of the Company dated 30 November 2017 and 25 November 2020
“Financial Services (CGNPC Huasheng) Framework Agreement”	the agreement in relation to the deposit and other financial services arrangements in Hong Kong provided by CGNPC Huasheng to the Group entered into on 12 September 2014, which was subsequently renewed for three further terms from 30 May 2015 to 31 December 2017, from 1 January 2018 to 31 December 2020, and from 1 January 2021 to 31 December 2023, the details of the renewals of the agreement were set out in the announcements of the Company dated 10 November 2017 and 10 November 2020 and the circulars of the Company dated 30 November 2017 and 25 November 2020
“Financial Services Framework Agreements”	collectively, the Financial Services (CGNPC Huasheng) Framework Agreement and the Financial Services (CGN Finance) Framework Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC



“Huamei Holding”	Huamei Holding Company Limited, a company established under the laws of Bermuda, a wholly-owned subsidiary of CGN
“Independent Board Committee”	an independent committee of the Board, comprising all of the independent non-executive Directors
“Independent Shareholders”	the Shareholders other than CGN and its associates (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Operation and Management Services Annual Caps”	the proposed annual caps in respect of the management fees payable to the Company under the Operation and Management Services Framework Agreements for each of the three years ending 31 December 2026
“Operation and Management Services Framework Agreements”	collectively, the Operation and Management Services (Wind Energy) Framework Agreement, the Operation and Management Services (CGN Energy) Framework Agreement and the Operation and Management Services (Huamei Holding) Framework Agreement
“Operation and Management Services (CGN Energy) Framework Agreement”	the framework agreement dated 20 August 2014 between the Company and CGN Energy for the provision of operation and management services by the Group to power projects in which CGN Energy has interest, which was subsequently renewed for three further terms from 1 January 2017 to 31 December 2019, 1 January 2020 to 31 December 2020, and from 1 January 2021 to 31 December 2023, as set out in the announcements of the Company dated 29 December 2016, 4 December 2019, and 10 November 2020 and the circular of the Company dated 25 November 2020

“Operation and Management Services (Huamei Holding) Framework Agreement”	the framework agreement dated 15 September 2014 between the Company and Huamei Holding for the provision of operation and management services by the Group to power projects in which Huamei Holding has interest, which was subsequently renewed for three further terms from 1 January 2017 to 31 December 2019, from 1 January 2020 to 31 December 2020, and from 1 January 2021 to 31 December 2023, as set out in the announcements of the Company dated 29 December 2016, 4 December 2019, and 10 November 2020 and the circular of the Company dated 25 November 2020
“Operation and Management Services (Solar Energy) Framework Agreement”	the framework agreement dated 17 June 2015 between the Company and CGN Solar Energy for the provision of operation and management services by the Group to power projects in which CGN Solar Energy has interest, which was subsequently renewed for two further terms from 1 January 2018 to 31 December 2020 and from 1 January 2021 to 31 December 2023, as set out in the announcements of the Company dated 10 November 2017 and 10 November 2020 and the circulars of the Company dated 30 November 2017 and 25 November 2020
“Operation and Management Services (Wind Energy) Framework Agreement”	the framework agreement dated 17 June 2015 between the Company and CGN Wind Energy for the provision of operation and management services by the Group to power projects in which CGN Wind Energy has interest, which was subsequently renewed for two further terms from 1 January 2018 to 31 December 2020 and from 1 January 2021 to 31 December 2023, as set out in the announcements of the Company dated 10 November 2017 and 10 November 2020 and the circulars of the Company dated 30 November 2017 and 25 November 2020
“Overlapping Directors”	Directors who are also directors and/or senior management of certain members of the CGN Group, namely Mr. Zhang Zhiwu, Mr. Li Guangming, Mr. Wang Hongxin and Mr. Chen Xinguo
“PBOC”	the People’s Bank of China
“percentage ratio(s)”	has the meaning ascribed to it under Rule 14.04(9) of the Listing Rules

“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
“Renewal Date”	1 January 2024, provided that, in respect of the renewal of the Financial Services Framework Agreements and the Financial Services Annual Caps, it is conditional upon the approval by the Independent Shareholders at the Special General Meeting
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	registered holder(s) of the share(s) of the Company
“Shared Services”	the shared services to be provided by (i) CGN Wind Energy; (ii) CGN Energy; and (iii) their respective subsidiaries to CGN Shenzhen and its subsidiaries pursuant to the terms of the Shared Services Agreement as summarized in the section headed “3. the Shared Services Agreement - Renewal of the Shared Services Agreement - Scope of the Shared Services” in this announcement
“Shared Services Agreement”	the agreement dated 30 July 2021 initially entered into between CGN Shenzhen, CGN Wind Energy, CGN Solar Energy, and CGN Energy with CGN Solar Energy subsequently being removed as a named party thereto for the provision of the Shared Services by the parties (other than CGN Shenzhen) and their respective subsidiaries to CGN Shenzhen and its subsidiaries
“Shared Services Annual Caps”	the proposed annual caps in respect of the transactions contemplated under the Shared Services Agreement for each of the three years ending 31 December 2026

“Special General Meeting”	the special general meeting or any adjournment thereof of the Company to be held on 28 December 2023 (Hong Kong time) to, among others, consider and, if thought fit, approve the renewal of the Financial Services Framework Agreements and the Financial Services Annual Caps
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States Dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 8 November 2023

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

<i>Executive Directors</i>	:	<i>Mr. Zhang Zhiwu (Chairman) and Mr. Li Guangming (President)</i>
<i>Non-executive Directors</i>	:	<i>Mr. Wang Hongxin and Mr. Chen Xinguo</i>
<i>Independent Non-executive Directors</i>	:	<i>Mr. Wang Minhao, Mr. Yang Xiaosheng and Mr. Leung Chi Ching Frederick</i>

\* *For identification purpose only.*