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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)

**Variation of Terms in relation to the Very Substantial Acquisition
and Connected Transaction**

**Variation Agreement in relation to the Rudong Entrusted
Construction Management Contract**

**VARIATION AGREEMENT IN RELATION TO THE RUDONG
ENTRUSTED CONSTRUCTION MANAGEMENT CONTRACT**

Reference is made to the Rudong Entrusted Construction Management Contract disclosed in the Announcement and the Circular, pursuant to which CGN Nantong has conditionally agreed to engage China Nuclear Power Engineering and China Nuclear Power Engineering has conditionally agreed to undertake the design, procurement and construction and construction management work of the Rudong Offshore 300MW Wind Farm Project. The initial total consideration under the Rudong Entrusted Construction Management Contract is approximately RMB2.1 billion (inclusive of tax).

In view of changes in the work scope and market price necessary to complete the Rudong Offshore 300MW Wind Farm Project that leads to an increase in costs, on 8 November 2023, CGN Nantong and China Nuclear Power Engineering mutually agreed to enter into the Variation Agreement, in order to, among others, revise the total consideration under the Rudong Entrusted Construction Management Contract to approximately RMB2.4 billion (inclusive of tax).

LISTING RULES IMPLICATIONS

As at the date of this announcement, CGN is a controlling shareholder indirectly holding approximately 72.33% of the issued share capital of the Company. China Nuclear Power Engineering is a non-wholly owned subsidiary of CGN and is therefore a connected person of the Company under the Listing Rules.

The entering into of the Variation Agreement constitutes a material variation to the terms of the very substantial acquisition and connected transaction previously approved by the Independent Shareholders of the Company at the special general meeting held on 23 December 2020. As such, the Company is required to re-comply with all applicable provisions under the Listing Rules, including the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules, respectively.

The Company will convene the Special General Meeting for the purposes of, among others, seeking approval from the Independent Shareholders on the entering into and the terms of the Variation Agreement. The Independent Board Committee has been established to consider the entering into and the terms of the Variation Agreement, and to advise the Independent Shareholders as to whether the Variation Agreement is 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 Variation Agreement; (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.

INTRODUCTION

References are made to the announcement of the Company dated 25 November 2020 (the “**Announcement**”) and the circular of the Company dated 8 December 2020 (the “**Circular**”), in relation to, among other things, the entering into of the Rudong Entrusted Construction Management Contract between CGN Nantong and China Nuclear Power Engineering as the Contractor on 25 November 2020, pursuant to which CGN Nantong has conditionally agreed to engage China Nuclear Power Engineering and China Nuclear Power Engineering has conditionally agreed to undertake the design, procurement and construction and construction management work of the Rudong Offshore 300MW Wind Farm Project. The initial total consideration under the Rudong Entrusted Construction Management Contract is approximately RMB2.1 billion (inclusive of tax).

In view of changes in the work scope and market price necessary to complete the Rudong Offshore 300 MW Wind Farm Project that leads to an increase in costs, on 8 November 2023, CGN Nantong and China Nuclear Power Engineering mutually agreed to enter into the Variation Agreement, in order to, among others, revise the total consideration under the Rudong Entrusted Construction Management Contract to approximately RMB2.4 billion (inclusive of tax).

VARIATION AGREEMENT

A summary of the principal terms of the Variation Agreement is set out below:

Date	8 November 2023
Parties	(1) CGN Nantong (as employer); and (2) China Nuclear Power Engineering (as Contractor)
Revised total consideration	The initial total consideration payable to the Contractor under the Rudong Entrusted Construction Management Contract is a fixed contract price of approximately RMB2.1 billion.

It is proposed that the total consideration payable to the Contractor under the Rudong Entrusted Construction Management Contract shall be revised to a fixed contract price of approximately RMB2.4 billion (inclusive of tax) which comprises the followings:

- (1) Equipment procurement fees (inclusive of tax) of approximately RMB570 million;
- (2) Construction and installation engineering fees (inclusive of tax) of approximately RMB1,746 million;
- (3) Survey and design fees (inclusive of tax) of approximately RMB52 million;
- (4) Other service fees (inclusive of tax) of approximately RMB31 million; and
- (5) Project management fees (inclusive of tax) of RMB30 million.

Pricing basis

The revised total consideration was determined by the parties after arm's length negotiation with reference to (i) changes in the work scope and market price necessary to complete the Rudong Offshore 300MW Wind Farm Project that leads to an increase in costs; (ii) the consideration that such increase in costs is not due to mismanagement by the Contractor; and (iii) most of the increase is composed of increase in construction and installation engineering fees. The increase in total consideration is in line with general commercial terms and market price of similar projects. The project management fees (inclusive of tax) remain unchanged at RMB30 million and the rate charged remains lower than the rate set out in the "Regulations and Cost Standards for Preparation of Budgetary Estimates for Offshore Wind Farm Engineering Design" (《海上風電場工程設計概算編製規定及費用標準》).

The Board considers the revised total consideration to be fair and reasonable.

Payment terms and schedule	Subject to the fulfillment of the conditions precedent of the Variation Agreement, the additional amount (other than any quality assurance fee) resulting from the increase in the total consideration shall be paid before 30 April 2024 and any quality assurance fee shall be paid in accordance with the provisions regarding quality assurance fees under the Rudong Entrusted Construction Management Contract.
Conditions precedent	<p>(1) The Company shall have obtained the approval from its Independent Shareholders at the Special General Meeting in accordance with the requirements under the Listing Rules and/or in compliance with any other requirements of the Stock Exchange and/or the Listing Rules; and</p> <p>(2) CGN Power shall have complied with the requirements under the Listing Rules and/or listing rules of the Shenzhen Stock Exchange (where applicable).</p>

Save as disclosed above, all the major terms and conditions of the Rudong Entrusted Construction Management Contract remain unchanged and in full force and effect in all respects. For details of the Rudong Entrusted Construction Management Contract, please refer to the Announcement and the Circular.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE VARIATION AGREEMENT

The revised total consideration was determined by the parties after arm's length negotiation with reference to (i) changes in the work scope and market price necessary to complete the Rudong Offshore 300MW Wind Farm Project that leads to an increase in costs; (ii) the consideration that such increase in costs is not due to mismanagement by the Contractor; and (iii) most of the increase is composed of increase in construction and installation engineering fees. The increase in total consideration is in line with general commercial terms and market price of similar projects. The project management fees (inclusive of tax) remain unchanged at RMB30 million and the rate charged remains lower than the rate set out in the "Regulations and Cost Standards for Preparation of Budgetary Estimates for Offshore Wind Farm Engineering Design" (《海上風電場工程設計概算編製規定及費用標準》).

For the reasons for and benefits of entering into of the Rudong Entrusted Construction Management Contract, please refer to the Announcement and the Circular for details.

For the reasons for selecting China Nuclear Power Engineering as the Contractor for the Rudong Entrusted Construction Management Contract and the reasons and benefits of using CGN Nantong, a non-wholly owned subsidiary of the Company, to enter into the Rudong Entrusted Construction Management Contract, please refer to the Circular for details.

Based on the above, the Directors (excluding the independent non-executive Directors who will provide their views after considering the opinion of the independent financial adviser), have confirmed that the revised total consideration and the terms of the Variation Agreement are in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE VARIATION AGREEMENT

As a result of entering into the Variation Agreement, the property, plant and equipment of the Group will be increased additionally by approximately RMB0.3 billion and the liabilities of the Group will be increased additionally by approximately RMB0.2 billion. The overall effects of entering into the Variation Agreement on the future earnings of the Group will depend on the return to be generated from the operation of the Rudong Offshore 300MW Wind Farm Project.

INFORMATION ON THE RELEVANT PARTIES TO THE VARIATION AGREEMENT

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 Nantong

CGN Nantong is a non-wholly owned subsidiary of the Company incorporated in the PRC. As at the date of this announcement, CGN Nantong is owned as to 60% by CGN New Energy Investment (Shenzhen) Company Limited* (中廣核新能源投資(深圳)有限公司), 20% by Jiangsu Guoke New Energy Company Limited* (江蘇國科新能源有限公司), 10% by Jiangsu Dongdian New Energy Technology Engineering Company Limited* (江蘇東電新能源科技工程有限公司), 5% by Haiheng Rudong Offshore Wind Power Company Limited* (海恒如東海上風力發電有限公司) and 5% by Zhongtian Technology Group Marine Engineering Company Limited* (中天科技集團海洋工程有限公司), respectively. It is principally engaged in the development, construction, operation and maintenance of projects for generation of wind power and photovoltaic power projects, as well as the technical consultation and services for wind power and photovoltaic power projects.

China Nuclear Power Engineering

China Nuclear Power Engineering is a non-wholly owned subsidiary of CGN and a wholly owned subsidiary of CGN Power incorporated in the PRC. 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” below of this announcement.

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.

CGN Power

CGN Power 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 Variation Agreement. As the Overlapping Directors are directors and/or senior management of certain members of the CGN Group, for the sake of good corporate governance, they have abstained from voting on the resolutions of the Board approving the Variation Agreement.

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. China Nuclear Power Engineering is a non-wholly owned subsidiary of CGN and is therefore a connected person of the Company under the Listing Rules.

The entering into of the Variation Agreement constitutes a material variation to the terms of the very substantial acquisition and connected transaction previously approved by the Independent Shareholders of the Company at the special general meeting held 23 December 2020. As such, the Company is required to re-comply with all applicable provisions under the Listing Rules, including the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules, respectively.

As the highest applicable percentage ratio in respect of the transaction contemplated under the Amended Rudong Entrusted Construction Management Contract exceeds 25% but is less than 100%, the Amended Rudong Entrusted Construction Management Contract constitutes a major transaction and connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules, respectively.

The Company will convene the Special General Meeting for the purposes of, among others, seeking approval from the Independent Shareholders on the entering into and the terms of the Variation Agreement. The Independent Board Committee has been established to consider the entering into and the terms of the Variation Agreement, and to advise the Independent Shareholders as to whether the Variation Agreement is 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 Variation Agreement; (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

“Amended Rudong Entrusted Construction Management Contract”	the Rudong Entrusted Construction Management Contract as amended by the Variation Agreement
“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 Variation Agreement
“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 Nantong”	CGN New Energy Nantong Co., Ltd.* (中廣核新能源南通有限公司), a non-wholly owned subsidiary of the Company incorporated in the PRC
“CGN Power”	CGN Power Co., Ltd.* (中國廣核電力股份有限公司), a non-wholly owned subsidiary of CGN and a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on both the Main Board of the Stock Exchange (stock code: 1816) and the Shenzhen Stock Exchange
“China Nuclear Power Engineering” or “Contractor”	China Nuclear Power Engineering Co., Ltd.* (中廣核工程有限公司), a company established in the PRC, a non-wholly owned subsidiary of CGN and a wholly owned subsidiary of CGN Power
“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“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
“MW”	Megawatts
“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
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Rudong Entrusted Construction Management Contract”	the contract in relation to the design, procurement and construction work and management of the Rudong Offshore 300MW Wind Farm Project entered into on 25 November 2020
“Rudong Offshore 300MW Wind Farm Project”	Rudong Offshore 300MW Wind Farm Project that is to be designed, engineered, procured, constructed, installed, tested, commissioned, completed and rectified under the Rudong Entrusted Construction Management Contract
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company

“Shareholder(s)”	registered holder(s) of the share(s) of the Company
“Special General Meeting”	the special general meeting of the Company to be held on 28 December 2023 to, among others, consider and, if thought fit, approve the entering into and the terms of the Variation Agreement
“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
“Variation Agreement”	the variation agreement dated 8 November 2023 entered into between CGN Nantong and China Nuclear Power Engineering to amend and supplement certain terms of the Rudong Entrusted Construction Management Contract
“%”	per cent.

* for identification purpose only

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>