

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

Major Transaction Engineering, Procurement and Construction (EPC) Contract

THE EPC CONTRACT

On 8 December 2023 (after trading hours), CGN New Energy (Yantai), a wholly owned subsidiary of the Company, as employer, entered into the EPC Contract with China Power Construction, as contractor, pursuant to which CGN New Energy (Yantai) agreed to engage China Power Construction to carry out the Construction Work. The Contract Price payable by CGN New Energy (Yantai) under the EPC Contract is approximately RMB2,768.1 million (inclusive of tax).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the transactions contemplated under the EPC Contract exceeds 25% but is less than 100%, the EPC Contract constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge of the Directors, no Shareholders or any of their respective associates has any material interest in the EPC Contract and none of the Shareholders is required to abstain from voting in favour of the resolution to approve the entering into of the EPC Contract. As at the date of this announcement, CGN Energy International holds 3,101,800,000 Shares, representing approximately 72.29% of the issued share capital of the Company, and has given written approval on the EPC Contract and the transactions contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules. As such, no general meeting will be convened for approving the EPC Contract and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among others, further information on the terms of the EPC Contract and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 22 December 2023.

THE EPC CONTRACT

A summary of the principal terms of the EPC Contract is set out below:

Date	8 December 2023
Parties	(1) CGN New Energy (Yantai) (as employer) (2) China Power Construction (as contractor)
Subject matter	<p>China Power Construction shall be appointed as the contractor to carry out the Construction Work.</p> <p>The scope of the Construction Work includes the design, engineering, procurement, construction and construction management of the Zhaoyuan Offshore Photovoltaic Project.</p> <p>The Zhaoyuan Offshore Photovoltaic Project will have a recorded capacity of 400 MW.</p>
Contract price	<p>The Contract Price payable by CGN New Energy (Yantai) to China Power Construction under the EPC Contract shall amount to approximately RMB2,768.1 million (inclusive of tax), which comprises the following:</p> <ol style="list-style-type: none">(1) Survey and design fees (inclusive of tax) of approximately RMB13.6 million;(2) Equipment procurement fees (inclusive of tax) of approximately RMB1,776.8 million;(3) Construction and installation engineering fees (inclusive of tax) of approximately RMB910.6 million; and(4) Other service fees (inclusive of tax) of approximately RMB67.1 million.

- Expected construction commencement and expected completion date**
- (1) Expected construction commencement date: subject to the fulfilment of the conditions precedent set out below, the Construction Work is expected to be commenced on 20 December 2023.
 - (2) Expected completion date: 30 May 2024 for the designed power generation capacity being fully connected to grid.

Condition(s) precedent

The Company shall have obtained the Shareholders' approval in accordance with the requirements under the Listing Rules and/or compliance with any other requirements of the Stock Exchange and/or the Listing Rules.

As at the date of this announcement, CGN Energy International, which holds 3,101,800,000 Shares, representing approximately 72.29% of the issued share capital of the Company, has given its written approval on the EPC Contract and the transactions contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules.

As such, the condition precedent above has been fulfilled.

Payment terms and schedule

- (1) **Advance payment**

Subject to CGN New Energy (Yantai)'s receipt and acceptance of China Power Construction's advance payment guarantee (or insurance), CGN New Energy (Yantai) shall pay China Power Construction an advance payment of ten per cent (10%) of the Contract Price (excluding temporary amount, equipment fees and administrative handling fees) within 30 days thereafter.

(2) Progress payment

(a) Payment of survey and design fees:

- (i) After commencement of survey work, CGN New Energy (Yantai) shall pay China Power Construction ten per cent (10%) of the survey and design fees;
- (ii) After the completion of all the construction drawings, CGN New Energy (Yantai) shall pay China Power Construction fifty per cent (50%) of the survey and design fees;
- (iii) After full capacity is connected to the grid, CGN New Energy (Yantai) shall pay China Power Construction twenty per cent (20%) of the survey and design fees;
- (iv) After the completion of all the as-built drawings, CGN New Energy (Yantai) shall pay China Power Construction seven per cent (7%) of the survey and design fees; and
- (v) After the end of quality assurance period, CGN New Energy (Yantai) shall pay China Power Construction three per cent (3%) of the survey and design fees.

China Power Construction shall provide documents of proof of work progress to CGN New Energy (Yantai) for each payment. CGN New Energy (Yantai) shall pay the corresponding amount to China Power Construction within 30 days after receipt and verification of the relevant documents.

(b) Payment of equipment procurement fees:

	Conventional equipment (other than photovoltaic module equipment and energy storage system equipment)	Photovoltaic module equipment	Energy storage system equipment
(i) Raw materials payment (material preparation fees)	Subject to CGN New Energy (Yantai)'s receipt and verification of China Power Construction's relevant invoices, CGN New Energy (Yantai) shall pay China Power Construction thirty per cent (30%) of the payment of conventional equipment within 30 days thereafter.	Subject to CGN New Energy (Yantai)'s receipt and verification of China Power Construction's relevant invoices, CGN New Energy (Yantai) shall pay China Power Construction fifty per cent (50%) of the payment of photovoltaic module equipment within 30 days thereafter.	Subject to CGN New Energy (Yantai)'s receipt and verification of China Power Construction's relevant invoices, CGN New Energy (Yantai) shall pay China Power Construction fifty per cent (50%) of the payment of energy storage system equipment within 30 days thereafter.
(ii) Arrival payment	Subject to CGN New Energy (Yantai)'s receipt and verification of China Power Construction's relevant invoices, CGN New Energy (Yantai) shall pay China Power Construction forty per cent (40%) of the payment of conventional equipment within 30 days thereafter.	Subject to CGN New Energy (Yantai)'s receipt and verification of China Power Construction's relevant invoices, CGN New Energy (Yantai) shall pay China Power Construction forty-five per cent (45%) of the payment of photovoltaic module equipment within 30 days thereafter.	Subject to CGN New Energy (Yantai)'s receipt and verification of China Power Construction's relevant invoices, CGN New Energy (Yantai) shall pay China Power Construction twenty per cent (20%) of the payment of energy storage system equipment within 30 days thereafter.

	Conventional equipment (other than photovoltaic module equipment and energy storage system equipment)	Photovoltaic module equipment	Energy storage system equipment
(iii) Preliminary acceptance payment	Subject to CGN New Energy (Yantai)'s receipt and verification of China Power Construction's relevant invoices, CGN New Energy (Yantai) shall pay China Power Construction twenty per cent (20%) of the payment of conventional equipment within 30 days thereafter.	N/A	Subject to CGN New Energy (Yantai)'s receipt and verification of China Power Construction's relevant invoices, CGN New Energy (Yantai) shall pay China Power Construction twenty per cent (20%) of the payment of energy storage system equipment within 30 days thereafter.
(iv) Quality assurance fees	After the end of the quality assurance period, the issue of the proof of final acceptance of such batch of equipment and subject to CGN New Energy (Yantai)'s receipt and verification of China Power Construction's relevant invoices, CGN New Energy (Yantai) shall pay China Power Construction ten per cent (10%) of the payment of conventional equipment within 30 days thereafter.	After 180 days of the preliminary acceptance of such batch of equipment and subject to CGN New Energy (Yantai)'s receipt and verification of China Power Construction's relevant invoices and quality assurance bank guarantee, CGN New Energy (Yantai) shall pay China Power Construction five per cent (5%) of the payment of photovoltaic module equipment within 30 days thereafter.	After 180 days of the preliminary acceptance of such batch of equipment and subject to CGN New Energy (Yantai)'s receipt and verification of China Power Construction's relevant invoices and quality assurance bank guarantee, CGN New Energy (Yantai) shall pay China Power Construction ten per cent (10%) of the payment of energy storage system equipment within 30 days thereafter.

(c) **Payment of construction and installation engineering fees:**

- (i) **Progress payment** China Power Construction shall submit a progress payment application on a monthly basis. Upon the verification by the supervising engineer on the progress payment application, CGN New Energy (Yantai) shall pay China Power Construction the progress payment up to seventy-seven per cent (77%) of the construction and installation engineering fees of the relevant month, within 30 days after receipt of the signed construction acceptance form issued by the supervising engineer and the corresponding tax invoice provided by China Power Construction. When the total amount of the progress payment reaches eighty-seven per cent (87%) of the construction and installation engineering fees, CGN New Energy (Yantai) shall stop making progress payments.

Upon the issuance of the engineering acceptance certificate and the completion of the completion settlement, CGN New Energy (Yantai) shall pay China Power Construction nine per cent (9%) of the construction and installation engineering fees.

- (ii) **Quality assurance fees** CGN New Energy (Yantai) shall pay China Power Construction three per cent (3%) of the construction and installation engineering fees within 14 days after the end of the quality assurance period.
- (iii) **Excellence guarantee fees** One per cent (1%) of the construction and installation and installation engineering fees will be reserved as excellence guarantee fees, which will be paid by CGN New Energy (Yantai) to China Power Construction after the Zhaoyuan Offshore Photovoltaic Project wins the National Quality Engineering Award* (國家優質工程獎).

(d) Payment of other service fees:

Other service fees refer to general contracting service fees, training fees, handling fees and other management service fees.

The handling fees shall be paid after fulfilling corresponding legal and compliance procedures, and other fees shall be paid according to the actual progress of the Zhaoyuan Offshore Photovoltaic Project.

China Power Construction shall provide documents of proof of work progress to CGN New Energy (Yantai) for each payment. CGN New Energy (Yantai) shall pay the corresponding amount to China Power Construction within 30 days after receipt and verification of the relevant documents.

BASIS OF DETERMINATION OF THE CONTRACT PRICE

The Contract Price was determined through open tendering and with reference to (1) the Construction Work, (2) the various services required by CGN New Energy (Yantai) in respect of the Construction Work, and (3) the prevailing market conditions of the Construction Work, which the Board considers to be fair and reasonable.

The EPC Contract was entered into through the Company's standard tender process with reference to China Power Construction's technical experience, professional qualifications, business reputation, financial condition, response of China Power Construction during tender process, plan of construction, project management abilities, etc.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE EPC CONTRACT

The Zhaoyuan Offshore Photovoltaic Project is the Group's first large-scale offshore photovoltaic project, which is in line with the Group's strategic direction of developing seaborne new energy and will provide the Group with experience in planning, development, construction and operation and maintenance of subsequent offshore photovoltaic projects. The Zhaoyuan Offshore Photovoltaic Project is located in Zhaoyuan City, Yantai Municipality, Shandong Province, the PRC. The permanent land area of the project is approximately 34 mu. The sea area to be used by Zhaoyuan Offshore Photovoltaic Project is located in the Laizhou Bay to the north of Zhaoyuan City, Yantai Municipality, Shandong Province, the PRC. The planned sea area for the project is approximately 7,695 mu.

The Board is of the view that the Zhaoyuan Offshore Photovoltaic Project would not only increase the installed capacity of the Group, but also facilitate the further development of the Group's business in offshore photovoltaic projects. The Board is therefore of the view that the implementation of the Zhaoyuan Offshore Photovoltaic Project is in line with the Group's long-term development strategy and the interests of the Shareholders as a whole.

Based on the above, the Directors (including all the independent non-executive Directors) have confirmed that the terms of the EPC Contract 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 the Shareholders as a whole.

FINANCIAL EFFECTS OF THE EPC CONTRACT

As a result of entering into the EPC Contract, the property, plant and equipment of the Group will be increased by approximately RMB2,483.9 million and the liabilities of the Group will be increased by approximately RMB1,660.8 million. The overall effects of entering into the EPC Contract on the future earnings of the Group will depend on the return to be generated from the operation of the Zhaoyuan Offshore Photovoltaic Project.

INFORMATION ON THE RELEVANT PARTIES TO THE EPC CONTRACT

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 New Energy (Yantai)

CGN New Energy (Yantai) is a wholly owned subsidiary of the Company incorporated in the PRC. CGN New Energy (Yantai) is principally engaged in the management and operation of the Zhaoyuan Offshore Photovoltaic Project.

China Power Construction

To the Directors' best knowledge, China Power Construction, the contractor under the EPC Contract, is a subsidiary of Power Construction Corporation of China, Ltd. (中國電力建設股份有限公司). Power Construction Corporation of China, Ltd., a joint-stock company incorporated in the PRC having its shares listed on the Shanghai Stock Exchange (stock code: 601669), is principally engaged in engineering, procurement and construction business, survey, design and consultation business, power related investment and operation business and other business.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, China Power Construction and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company as at the date of this announcement.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the transactions contemplated under the EPC Contract exceeds 25% but is less than 100%, the EPC Contract constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the EPC Contract and the transactions contemplated thereunder may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the EPC Contract and the transactions contemplated thereunder; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the EPC Contract and the transactions contemplated thereunder.

To the best of the knowledge of the Directors, no Shareholders or any of their respective associates has any material interest in the EPC Contract and none of the Shareholders is required to abstain from voting in favour of the resolution to approve the entering into of the EPC Contract. As at the date of this announcement, CGN Energy International holds 3,101,800,000 Shares, representing approximately 72.29% of the issued share capital of the Company, and has given written approval on the EPC Contract and the transactions contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules. As such, no general meeting will be convened for approving the EPC Contract and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among others, further information on the terms of the EPC Contract and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 22 December 2023.

DEFINITIONS

“Board”	the board of Directors
“CGN Energy International”	CGN Energy International Holdings Co., Limited, a company incorporated in Hong Kong and a controlling shareholder of the Company
“CGN New Energy (Yantai)”	CGN New Energy (Yantai) Co., Ltd.* (中廣核新能源(煙台)有限公司), a wholly owned subsidiary of the Company incorporated in the PRC
“China Power Construction”	China Power Construction Group Northwest Survey and Design Institute Co., Ltd. * (中國電建集團西北勘測設計研究院有限公司), a company established in the PRC
“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)
“Contract Price”	the consideration payable by CGN New Energy (Yantai) to China Power Construction under the EPC Contract which is the total amount of (1) survey and design fees; (2) equipment procurement fees; (3) construction and installation engineering fees; and (4) other service fees in accordance with the EPC Contract
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Construction Work”	all works performed by China Power Construction and its subcontractor(s) for the design, engineering, procurement, construction and construction management of the Zhaoyuan Offshore Photovoltaic Project
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules

“Directors”	directors of the Company
“EPC Contract”	the engineering, procurement and construction contract dated 8 December 2023 entered into between CGN New Energy (Yantai) and China Power Construction for the Construction Work
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“mu”	a unit of land area, one mu equal to approximately 666.667 square meters
“MW”	Megawatts
“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
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

“Zhaoyuan Offshore
Photovoltaic Project”

the HG30 offshore photovoltaic project located in Zhaoyuan City, Yantai Municipality, Shandong Province, the PRC that is to be designed, engineered, procured, constructed, installed, tested, commissioned, completed and rectified under the EPC Contract

“%”

per cent.

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

Hong Kong, 8 December 2023

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

Executive Directors : *Mr. Zhang Zhiwu (Chairman) and
Mr. Li Guangming (President)*

Non-executive Directors : *Mr. Wang Hongxin and
Mr. Chen Xinguo*

Independent Non-executive Directors : *Mr. Wang Minhao,
Mr. Yang Xiaosheng and
Mr. Leung Chi Ching Frederick*

* *For identification purpose only.*