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If you have sold or transferred all your shares in CGN New Energy Holdings Co., Ltd., you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

Major Transaction
Engineering, Procurement and Construction (EPC) Contract

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DEFINITIONS

In this circular; 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
“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 Latest Practicable Date
“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
“close associate”	has the meaning ascribed to it under the Listing Rules
“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

DEFINITIONS

“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
“Latest Practicable Date”	18 December 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“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
“NEA”	National Energy Administration of the PRC
“percentage ratio(s)”	has the meaning ascribed to it under Rule 14.04(9) of the Listing Rules
“PRC” or “China”	the People’s Republic of China, but for the purposes of this circular and for geographical reference only and except when the context requires, references in this circular 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

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the 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
“TWh”	terawatt-hour, or one million megawatt-hours. TWh is typically used as a measure for the annual energy production of a region or a country
“US\$”	United States Dollars, the lawful currency of the United States of America
“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.

* For identification purpose only.

LETTER FROM THE BOARD



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)

Secretary of the Communist Party

Committee, Chairman and Executive Director:

Mr. Zhang Zhiwu

President and Executive Director:

Mr. Li Guangming

Non-executive Directors:

Mr. Wang Hongxin

Mr. Chen Xinguo

Independent non-executive Directors:

Mr. Wang Minhao

Mr. Yang Xiaosheng

Mr. Leung Chi Ching Frederick

Registered office:

Victoria Place

31 Victoria Street

Hamilton

HM10

Bermuda

*Headquarters and principal place
of business in Hong Kong:*

15th Floor

Harbour Centre

25 Harbour Road

Wanchai

Hong Kong

22 December 2023

To the Shareholders

Dear Sir/Madam,

Major Transaction
Engineering, Procurement and Construction (EPC) Contract

1. INTRODUCTION

The purpose of this circular is to provide you with information in respect of the terms of the EPC Contract and other information as required under the Listing Rules.

LETTER FROM THE BOARD

2. THE EPC CONTRACT

Introduction

As disclosed in the announcement of the Company dated 8 December 2023, 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).

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> <p>(1) Survey and design fees (inclusive of tax) of approximately RMB13.6 million;</p> <p>(2) Equipment procurement fees (inclusive of tax) of approximately RMB1,776.8 million. Such amount comprises:</p>

LETTER FROM THE BOARD

(a) conventional equipment fees (inclusive of tax) of approximately RMB626.7 million;

(b) photovoltaic module equipment fees (inclusive of tax) of approximately RMB811.7 million; and

(c) energy storage system equipment fees (inclusive of tax) of approximately RMB338.4 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

Payment terms and schedule

(1) Advance payment

Subject to CGN New Energy (Yantai)'s receipt and acceptance of China Power Construction's performance 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) i.e., ten per cent (10%) of the aggregate of the survey and design fees and construction and installation engineering 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

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- (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.

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	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.

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(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 paid (including any advance payment and 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.

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- (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.

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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 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.

LETTER FROM THE BOARD

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 Latest Practicable Date.

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.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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.

3. RECOMMENDATIONS

The Directors (including all the independent non-executive Directors) are of the view that the EPC Contract is in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms thereof, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, had a special general meeting been convened for the approval of the EPC Contract, the Directors (including all the independent non-executive Directors) would have recommended the Shareholders to vote in favor of the resolutions approving the entering into of the EPC Contract and the terms of the EPC Contract at the special general meeting.

4. FURTHER INFORMATION

Your attention is also drawn to the financial information set out in Appendix I and the general information set out in Appendix II to this circular.

Yours faithfully,
For and on behalf of the Board
CGN New Energy Holdings Co., Ltd.
Li Guangming
President and Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2020, 2021, 2022 and the six months ended 30 June 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.cgnne.com):

- (a) the annual report of the Company for the year ended 31 December 2020 published on 22 April 2021 (pages 95 to 190) in relation to the financial information of the Group for the same year;
- (b) the annual report of the Company for the year ended 31 December 2021 published on 14 April 2022 (pages 132 to 266) in relation to the financial information of the Group for the same year;
- (c) the annual report of the Company for the year ended 31 December 2022 published on 19 April 2023 (pages 128 to 266) in relation to the financial information of the Group for the same year; and
- (d) the interim report of the Company for the six months ended 30 June 2023 published on 21 September 2023 (pages 40 to 72) in relation to the financial information of the Group for the same period.

2. INDEBTEDNESS**Bank Borrowings**

As at close of business on 31 October 2023, being the latest practicable date for the purpose of this statement of indebtedness and contingent liabilities prior to the printing of this circular, the Group had aggregate outstanding bank borrowings of approximately US\$4,200.0 million, details of which are set out below:

	<i>US\$ million</i>
Bank borrowings, secured and guaranteed	167.3
Bank borrowings, secured and unguaranteed	1,769.4
Bank borrowings, unsecured and unguaranteed	<u>2,263.3</u>
	<u><u>4,200.0</u></u>

Loans from fellow subsidiaries and amounts due to fellow subsidiaries

As at close of business on 31 October 2023, the Group had unsecured and unguaranteed outstanding loans from fellow subsidiaries and amounts due to fellow subsidiaries of approximately US\$1,296.1 million and US\$11.5 million, respectively, and secured and unguaranteed outstanding loans from fellow subsidiaries of approximately US\$133.2 million.

Pledged Assets

The Group pledged certain property, plant and equipment, trade receivables, contract assets and bank deposits for credit facilities granted to the Group.

Contingent liabilities

The Group had no material contingent liabilities as at 31 October 2023.

Lease liabilities

As at close of business on 31 October 2023, the Group had lease liabilities of approximately US\$53.4 million.

General

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, guarantees or other material contingent liabilities as at close of business on 31 October 2023.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the Group's available financial resources including internally generated cash flows, available facilities and cash on hand, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

The Company has obtained the relevant letter as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

According to the data published by the NEA, from January to June 2023, the electricity consumption of the society was 4,307.6 TWh, representing an increase of 5.0% from the same period of last year. As of the end of June 2023, the installed power generation capacity of the PRC amounted to 2,707.7 GW, representing an increase of 10.8% from the same period of last year. In particular, the accumulated installed wind power capacity reached 389.2 GW, representing an increase of 13.7% from the same period of last year, while the accumulated installed solar power capacity recorded 470.7 GW, representing an increase of 39.8% from the same period of last year.

In a white paper titled “China’s Green Development in the New Era”(《新時代的中國綠色發展》) issued by the State Council Information Office in January 2023, China applies the principle of building the new before discarding the old in a well-planned way. With growing capacity to ensure energy supply, it has moved faster to build a new energy system. The proportion of clean energy sources has increased significantly. Success has been achieved in the green and low-carbon transformation of the country’s energy mix. The white paper also emphasized that China will keep to the path of green development, continue to build an eco-civilization, and strive to realize development with a higher level of quality, efficiency, equity, sustainability and security.

Driven by the national dual carbon strategy, the Company seizes the national clean energy development opportunities and focuses on core capacity building. In addition, guided by “value creation”, the Company adheres to the innovation-driven development strategy, systematically rolls out the “integration project of advanced technology of offshore wind power” and the “leading project of digital operation and maintenance”, and strives to create differentiated competitive advantages in “Offshore+” and “Green Power+”, thereby continuously shaping new driving forces and advantages for development.

Leading project of digital operation and maintenance. Focusing on the operation and maintenance of new energy existing assets and the demand for power marketing, the Company has employed various means including big data and artificial intelligence to study key technologies and key equipment for operation and maintenance and digital power marketing, and has developed its independent core technologies for market development, power marketing, digitalization and new industries, thus comprehensively improving the efficiency of new energy existing assets and reducing operation and maintenance costs. Relying on a number of scientific research projects, the Company has made scientific research achievements with independent intellectual property rights, and has carried out promotion and application thereof, initially establishing a differentiated competitive advantage of “Green Power+”.

Integration project of advanced technology of offshore wind power. The Company has steadily promoted research and engineering demonstrations on key issues such as parity offshore wind power, floating wind and photovoltaic power and new power systems. The Company has also promoted the implementation and demonstration iteration of parity offshore wind power technology through large capacity and base-driven developments, advanced offshore wind and photovoltaic power through research and demonstration of key technologies including floating wind power, floating photovoltaic power and pile-based photovoltaic power, and pushed forward the construction of new power systems through layered and three-dimensional application of ultra long distance, low frequency division, flexible and direct transmission and marine energy, thus accelerating the transformation and integrated application of innovative achievements. As a result, a number of scientific research projects have completed research and implementation of demonstration applications, initially establishing the differentiated competitive advantage of “Offshore+” new energy, and vigorously supporting the high-quality development of the Company’s offshore wind power industry.

The Company will adhere to the “innovation-driven” development strategy, continuously open up new fields and tracks for development, spare every effort to build its innovation capability and talent pool, and spearhead the technology and industrial innovation in China, thereby becoming an influential technology innovation-oriented enterprise in an accelerated manner.

2023 is a critical year to carry forward the past and open up the future under the “14th Five-Year Plan”. The external situation becomes more challenging, and the competition for new energy resources is increasingly intense. The Company will continue to practice the work style focusing on “Stringency, Prudence, Meticulosity and Pragmatism”, scientifically capitalise on new opportunities and new challenges in the new stage, and maintain strategic focus, thereby striving to accomplish various tasks and objectives of production and operation, and accelerating the construction of a first-class enterprise with high-quality development.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement contained in this circular or this circular misleading.

2. DISCLOSURE OF DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As of the Latest Practicable Date, none of the Directors and/or chief executive of the Company has any interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to Listing Rules.

3. DISCLOSURE OF INTEREST OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as of the Latest Practicable Date, the following persons had or were deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital of the Company carrying rights to vote in all circumstances at general meeting of the Company:

Name	Capacity/ Nature of Interest	Number of Shares	Approximate % of Shareholding
CGN ^{Note (1)(2)}	Interests in controlled corporation (long position)	3,103,384,000	72.33%
CGNPC International Limited ("CGNPC International") ^{Note(2)}	Interests in controlled corporation (long position)	3,101,800,000	72.29%
CGN Energy International ^{Note (2)}	Beneficial owner (long position)	3,101,800,000	72.29%

Notes:

- (1) CGN indirectly holds 100% of the total issued share capital of CGN Energy International. As informed by CGN, CGN was deemed to be interested in 3,103,384,000 Shares, in which 3,101,800,000 Shares were held directly by CGN Energy International (a controlled corporation of CGNPC International and a wholly owned subsidiary of CGN), and 1,584,000 Shares were held by other company that is controlled indirectly by CGN. There could be a difference between the shareholding of CGN in the Company as at the Latest Practicable Date and the disclosure of interest information disclosed on the website of the Stock Exchange, as the disclosure of interest information disclosed on the website of the Stock Exchange represents information disclosed by CGN pursuant to its obligation under Section 336 of the SFO only. For the avoidance of doubt and double counting, it should be noted that the shareholdings stated against CGNPC International and CGN Energy International represented the same block of Shares.
- (2) CGNPC International directly holds 87.28% of the total issued share capital of CGN Energy International, which directly holds approximately 72.29% of the issued share capital of the Company, and indirectly holds 12.72% of the issued share capital of CGN Energy International, through its wholly owned subsidiary Gold Sky Capital Limited. Accordingly, CGNPC International is deemed to have an interest in all Shares held by CGN Energy International.

4. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up.

5. DIRECTORS' SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, other than service contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation other than statutory compensation.

6. DIRECTORS' INTERESTS IN ASSETS

As of the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up.

7. DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date which is significant in relation to the business of the Group.

8. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of the Latest Practicable Date, so far as the Directors were aware, none of the Directors and their respective close associates had interest in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

9. LITIGATION

As of the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

10. MATERIAL CONTRACTS

The Directors confirmed that there were no material contracts (as defined under the Listing Rules) entered into by the members of the Group within two years immediately preceding the Latest Practicable Date.

11. GENERAL

- (a) The company secretary of the Company is Mr. Lee Kin who holds PRC Legal Professional Qualification and is a fellow member of the Hong Kong Institute of Certified Public Accountants (HKICPA), the Association of Chartered Certified Accountants (ACCA), the Hong Kong Chartered Governance Institute (HKCGI) and the Chartered Governance Institute in the United Kingdom, a member of the Chartered Institute of Management Accountants (CIMA), and a Chartered Financial Analyst (CFA), respectively.
- (b) The address of the principal share registrar, MUFG Fund Services (Bermuda) Limited, and transfer office of the Company in Bermuda is at 4th Floor, North, Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda.
- (c) The address of the Hong Kong branch share registrar, Tricor Investor Services Limited, and transfer office of the Company in Hong Kong is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.cgnne.com) and the Stock Exchange (www.hkexnews.hk) from the date of this circular until 14 days thereafter:

- (a) the Bye-laws of the Company;
- (b) the EPC Contract;
- (c) this circular;
- (d) the annual report of the Company for the year ended 31 December 2020;
- (e) the annual report of the Company for the year ended 31 December 2021;
- (f) the annual report of the Company for the year ended 31 December 2022; and
- (g) the interim report of the Company for the six months ended 30 June 2023.