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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CGN New Energy Holdings Co., Ltd., you should at once hand this circular, together with the enclosed form of proxy, 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)**

**(1) MAJOR TRANSACTIONS AND  
CONTINUING CONNECTED TRANSACTIONS  
TERMINATION OF THE ORIGINAL FINANCIAL SERVICES  
FRAMEWORK AGREEMENTS AND  
ENTERING INTO OF THE NEW FINANCIAL SERVICES  
FRAMEWORK AGREEMENTS;  
(2) VARIATION OF TERMS  
VARIATION AGREEMENT IN RELATION TO THE RUDONG  
ENTRUSTED CONSTRUCTION MANAGEMENT CONTRACT;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and Independent Shareholders**

**ALTUS CAPITAL LIMITED**

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A notice convening the Special General Meeting of CGN New Energy Holdings Co., Ltd. (the “Company”) to be held at Boardroom 3-4, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 23 May 2024 at 11:00 a.m. (or as soon thereafter as the annual general meeting of the Company convened for the same day and place shall have concluded or adjourned) is set out on pages 64 to 67 of this circular. A form of proxy for use at the Special General Meeting (or at any adjournment thereof) is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cgnne.com](http://www.cgnne.com)).

If you are not able to attend the Special General Meeting, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Special General Meeting or any adjournment thereof (as the case may be) if you so wish.

7 May 2024

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## DEFINITIONS

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

“2014 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 which 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
“2014 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 which 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
“2014 Financial Services Framework Agreements”	collectively, the 2014 Financial Services (CGNPC Huasheng) Framework Agreement and the 2014 Financial Services (CGN Finance) Framework Agreement
“2023 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
“Amended Rudong Entrusted Construction Management Contract”	the Rudong Entrusted Construction Management Contract as amended by the Variation Agreement
“Annual Caps”	the proposed annual caps in respect of the transactions contemplated under the New Financial Services Framework Agreements for the period from the Effective Date to 31 December 2026

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## DEFINITIONS

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“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“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 (中國廣核能源國際控股有限公司), a company established in Hong Kong and a controlling shareholder of the Company
“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 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 Shenzhen Stock Exchange
“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
“CGNPC International”	CGNPC International Limited (中廣核國際有限公司), a company established in Hong Kong and a controlling shareholder of the Company

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## DEFINITIONS

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“China Nuclear Power Engineering” or “Contractor”	China Nuclear Power Engineering Co., Ltd.* (中廣核工程有限公司), a non-wholly owned subsidiary of CGN incorporated in the PRC and a wholly-owned subsidiary of CGN Power
“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)
“connected person(s)”	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
“Effective Date”	the date on which the New Financial Services Framework Agreements shall become effective upon (i) signing and stamping by the respective legal representatives or authorized representatives of both parties, and (ii) the approval by the Independent Shareholders of the New Financial Services Framework Agreements and Annual Caps at the Special General Meeting
“Group”	the Company and its subsidiaries
“GW”	gigawatt, equal to one million kilowatts
“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

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## DEFINITIONS

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“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed 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 (i) the New Financial Services Framework Agreements and the Annual Caps and (ii) the Variation Agreement
“Independent Shareholders”	the Shareholders other than CGN and its associates (as defined under the Listing Rules)
“Korea”	the Republic of Korea
“Latest Practicable Date”	6 May 2024, 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
“MW”	Megawatts
“NEA”	National Energy Administration of the PRC
“New 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 25 April 2024
“New 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 25 April 2024
“New Financial Services Framework Agreements”	collectively, the New Financial Services (CGNPC Huasheng) Framework Agreement and the New Financial Services (CGN Finance) Framework Agreement
“Original 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 18 January 2024

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## DEFINITIONS

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“Original 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 18 January 2024
“Original Financial Services Framework Agreements”	collectively, the Original Financial Services (CGNPC Huasheng) Framework Agreement and the Original Financial Services (CGN Finance) Framework Agreement
“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. Liu Qingming and Mr. Zhao Xianwen
“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” 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
“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
“Service Providers”	collectively, CGNPC Huasheng and CGN Finance
“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 capital of the Company

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## DEFINITIONS

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“Shareholder(s)”	registered holder(s) of the Share(s)
“Special General Meeting”	the special general meeting or any adjournment thereof of the Company to be held at Boardroom 3-4, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 23 May 2024 at 11:00 a.m. (or as soon thereafter as the annual general meeting of the Company convened for the same day and place shall have concluded or adjourned) to, among others, consider and, if thought fit, approve (i) the entering into and the terms of the New Financial Services Framework Agreements and the Annual Caps; and (ii) the entering into and the terms of the Variation Agreement, notice of the meeting is set out on pages 64 to 67 of this circular
“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
“Variation Agreement”	the variation agreement dated 25 April 2024 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.



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LETTER FROM THE BOARD

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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)**

*Secretary of the Communist Party Committee,*

*Chairman and Executive Director:*

Mr. Zhang Zhiwu

*President and Executive Director:*

Mr. Li Guangming

*Non-executive Directors:*

Mr. Liu Qingming

Mr. Zhao Xianwen

*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

7 May 2024

*To the Shareholders*

Dear Sir or Madam,

**(1) MAJOR TRANSACTIONS AND  
CONTINUING CONNECTED TRANSACTIONS  
TERMINATION OF THE ORIGINAL FINANCIAL SERVICES  
FRAMEWORK AGREEMENTS AND  
ENTERING INTO OF THE NEW FINANCIAL SERVICES  
FRAMEWORK AGREEMENTS;  
(2) VARIATION OF TERMS  
VARIATION AGREEMENT IN RELATION TO THE RUDONG  
ENTRUSTED CONSTRUCTION MANAGEMENT CONTRACT;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to (a) provide you with information in respect of the resolutions to be proposed at the Special General Meeting for (i) the entering into and the terms of the New Financial Services Framework Agreements and the Annual Caps; and (ii) the entering

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## LETTER FROM THE BOARD

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into and the terms of the Variation Agreement; (b) set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the matters set out in (a) above, and the recommendation and opinion of the Independent Board Committee to the Independent Shareholders after taking into consideration of the advice of the Independent Financial Adviser; and (c) give you notice of the Special General Meeting.

References are made to the announcements of the Company dated 8 November 2023 and the circulars of the Company dated 24 November 2023 in respect of, among other things, (i) the renewal of the 2014 Financial Services Framework Agreements and related annual caps and (ii) the 2023 Variation Agreement. As disclosed in the poll results announcement of the Company dated 28 December 2023, the resolutions on the approval of (i) the renewal of the 2014 Financial Services Framework Agreements and related annual caps and (ii) the 2023 Variation Agreement were not passed at the special general meeting of the Company held on 28 December 2023.

## **2. MAJOR TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS – THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS**

### **Introduction**

Reference is made to the announcement of the Company dated 18 January 2024, in relation to, among others, the Original Financial Services Framework Agreements, entered into between the Company and the Service Providers, respectively, pursuant to which the Service Providers agreed to provide deposit and other financial services to the Group for a term commencing from 18 January 2024 and ending on 31 December 2024.

Reference is made to the announcement of the Company dated 25 April 2024, in order to revise the existing annual caps for the maximum daily outstanding balance of deposits to be placed by the Group with the Service Providers under the Original Financial Services Framework Agreements, together with the relevant interest to be received and service fees (if any) under the Original Financial Services Framework Agreements, the Company entered into the New Financial Services Framework Agreements with the Service Providers on 25 April 2024, respectively.

The New Financial Services Framework Agreements are drafted with reference to the relevant terms of the Original Financial Services Framework Agreements.

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## LETTER FROM THE BOARD

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Subject to the fulfilment of the conditions set out in the paragraphs headed “Duration of the New Financial Services Framework Agreements”, the New Financial Services Framework Agreements shall be effective from the Effective Date and expire on 31 December 2026. Meanwhile, the Original Financial Services Framework Agreements shall be terminated from the Effective Date, and all matters in relation to the provision of deposit and other financial services to the Group by the Service Providers shall be executed in accordance with the terms and conditions stipulated in the New Financial Services Framework Agreements.

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

**(a) *The New Financial Services (CGNPC Huasheng) Framework Agreement***

*Date*

25 April 2024

*Parties*

- (1) The Company as service receiver; and
- (2) CGNPC Huasheng as Service Provider

*Principal terms*

Pursuant to the New Financial Services (CGNPC Huasheng) Framework Agreement, CGNPC Huasheng may 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 by (i) major independent third party commercial banks to the Group; and (ii) CGNPC Huasheng to other subsidiaries, associates or affiliated companies of CGN. As CGNPC Huasheng is not licensed to take deposits, such deposit arrangements between the Group and CGNPC Huasheng will be arranged through third party commercial bank(s) acting as facilitator(s), whereby deposits placed with such bank(s) will be automatically transferred to the account(s) maintained at such bank(s) under the name of CGNPC Huasheng.

Subject to the compliance with applicable laws and regulations, money deposited by the Group with CGNPC Huasheng may be deployed by CGNPC Huasheng for the purposes of providing loans or other credit facilities to subsidiaries, associates or affiliated companies of CGN in its ordinary course of business.

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## LETTER FROM THE BOARD

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In addition to the above deposit services, the Group may from time to time request CGNPC Huasheng to provide loan services, including the provision of credit lines, supply of loans, revolving facilities, non-financing letters of guarantees, bill acceptance, bill discount, financial consultancy (providing debt financing only without giving advice) and other loan-related services. CGNPC Huasheng shall provide such loan services to the Group, when other things being equal, at an interest rate not higher than (i) the lowest interest rate as may be offered by major third party commercial banks 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. In the event that the Group will require any loan or other financial services from CGNPC Huasheng under the New Financial Services (CGNPC Huasheng) Framework Agreement, 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 settlement, transmittance or foreign exchange services with deposits 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, for the same type of services.

In the event of default of the New Financial Services (CGNPC Huasheng) Framework Agreement, the non-defaulting party is entitled to terminate the New Financial Services (CGNPC Huasheng) Framework Agreement by written notice.

The New Financial Services (CGNPC Huasheng) Framework Agreement does not prevent the Group from utilizing the depository services and other financial services set out therein offered by third party financial institutions or commercial banks. The Group is under no obligation or responsibility, and has absolute discretion, to utilize the depository services and the financial services provided by CGNPC Huasheng as set out in the New 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 New Financial Services (CGNPC Huasheng) Framework Agreement.

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## LETTER FROM THE BOARD

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**(b) *The New Financial Services (CGN Finance) Framework Agreement***

*Date*

25 April 2024

*Parties*

- (1) The Company as service receiver; and
- (2) CGN Finance as Service Provider

*Principal terms*

Pursuant to the New Financial Services (CGN Finance) Framework Agreement, CGN Finance may 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 by (i) major independent third party commercial banks to the Group; and (ii) CGN Finance to other subsidiaries, associates or affiliated companies of CGN. The deposit placing company within the Group will open and maintain depository accounts with CGN Finance for placing deposit.

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 purposes of providing loans or other credit facilities to subsidiaries, associates or affiliated companies of CGN in its ordinary course of business.

In addition to the above deposit services, the Group may from time to time request CGN Finance to provide loan services, including the provision of credit lines, supply of loans (including entrusted loans), revolving facilities, non-financing letters of guarantees, bill acceptance, bill discount, financial consultancy (providing debt financing only without giving advice) and other loan-related 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 major third party commercial banks 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. In the event that the Group will require any loan or other financial services from CGN Finance under the New Financial Services (CGN Finance) Framework Agreement, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules accordingly.

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## LETTER FROM THE BOARD

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The Group may from time to time request CGN Finance to provide settlement, transmittance or foreign exchange services. 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, for the same type of services.

In the event of default of the New Financial Services (CGN Finance) Framework Agreement, the non-defaulting party is entitled to terminate the New Financial Services (CGN Finance) Framework Agreement by written notice.

The New Financial Services (CGN Finance) Framework Agreement does not prevent the Group from utilizing the depository services and other financial services set out therein offered by third party financial institutions or commercial banks. The Group is under no obligation or responsibility, and has absolute discretion, to utilize the depository services and the financial services provided by CGN Finance as set out in the New 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 New Financial Services (CGN Finance) Framework Agreement.

### **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) The deposit services under the New Financial Services (CGNPC Huasheng) Framework Agreement are to be arranged through third party commercial bank(s) as disclosed above, while such arrangement is not required under the New Financial Services (CGN Finance) Framework Agreement;
  - (b) The scope of loan services provided by CGN Finance includes provision of entrusted loans. However, there is no such arrangement in the scope of loan services provided by CGNPC Huasheng; and
  - (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.

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## LETTER FROM THE BOARD

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- (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, its funds will be deposited to CGNPC Huasheng.

### **Duration of the New Financial Services Framework Agreements**

The term of each of the New Financial Services Framework Agreements will, which is conditional upon (i) signing and stamping by the respective legal representatives or authorized representatives of both parties and (ii) the approval by the Independent Shareholders of the New Financial Services Framework Agreements and Annual Caps at the Special General Meeting, commence on the Effective Date, and end on 31 December 2026, inclusive.

Each of the New Financial Services Framework Agreements shall terminate on expiration of the then current term unless the Company notifies the relevant Service Provider 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. Subject to the compliance with the Listing Rules, there is no limit on the number of times that the term of the New Financial Services Framework Agreements may be renewed in accordance with the above-mentioned procedures.

Further, each of the New Financial Services Framework Agreements is subject to early termination (i) by agreement between the parties or (ii) as required by the applicable laws and Listing Rules.

### **Reasons for and benefits of the entering into of the New Financial Services Framework Agreements**

Based on total amount of deposits that the Group has placed with CGNPC Huasheng and CGN Finance for the four months ended 30 April 2024, the Company anticipates that the amount of the existing annual caps under the Original Financial Services Framework Agreements for the period commencing from 18 January 2024 and ending 31 December 2024 will not be sufficient to meet the demand of the Group. Accordingly, in light of the future business needs of the Group and benefits of continuing the transactions with the Service Providers, the Company proposes to enter into the New Financial Services Framework Agreements in order to revise the existing annual caps and extend the term until 31 December 2026.

For the reasons for and benefits of entering into of the Original Financial Services Framework Agreements, please refer to the announcement of the Company dated 18 January 2024 for details.

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## LETTER FROM THE BOARD

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

### Historical figures

#### *Historical figures and annual caps during the validity period of the 2014 Financial Services Framework Agreements*

The maximum daily outstanding balance of deposits placed by the Group with the Service Providers (including their respective interest received and service fees, if any), for the three years ended 31 December 2023 in relation to the similar financial services arrangements entered into by the Service Providers, and the transactions contemplated under the New Financial Services Framework Agreements were as follows:

		For the year ended 31 December 2021 (US\$ million)	For the year ended 31 December 2022 (US\$ million)	For the year ended 31 December 2023 (US\$ million)
Maximum daily outstanding balance of deposits (with interest)	CGNPC Huasheng	251	24	45
	CGN Finance	<u>308</u>	<u>502</u>	<u>483</u>
	<b>Total</b>	<b><u>559</u></b>	<b><u>526</u></b>	<b><u>528</u></b>

Such amounts were within their respective aggregated annual caps, which were US\$610 million, US\$640 million and US\$680 million for the three years ended 31 December 2023, respectively.



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## LETTER FROM THE BOARD

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*Historical figures and annual caps during the validity period of the Original Financial Services Framework Agreements*

The maximum daily outstanding balance of deposits placed by the Group with the Service Providers (including their respective interest received and service fees, if any), for the period from the effective date of the Original Financial Services Framework Agreements (i.e. 18 January 2024) to 30 April 2024 in relation to the similar financial services arrangements entered into by the Service Providers, and the transactions contemplated under the New Financial Services Framework Agreements were as follows:

		<b>For the period from 18 January 2024 to 30 April 2024</b>
		<i>(US\$ million)</i>
		<i>(unaudited)</i>
Maximum daily outstanding	CGNPC Huasheng	2
balance of deposits (with interest)	CGN Finance	45
	<b>Total</b>	<b>47</b>

Such amounts were within their respective aggregated annual caps. The existing respective annual caps for the maximum daily outstanding balance of deposits to be placed by the Group with the Service Providers under the Original Financial Services Framework Agreements, together with the relevant interest to be received and service fees (if any), for the period commencing from 18 January 2024 and ending 31 December 2024 are as follows:

		<b>For the period from 18 January 2024 to 31 December 2024</b>
		<i>(US\$ million)</i>
Original Financial Services (CGNPC Huasheng)	Framework Agreement	3
Original Financial Services (CGN Finance)	Framework Agreement	50
	<b>Total</b>	<b>53</b>

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## LETTER FROM THE BOARD

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### Annual Caps

The estimated respective Annual Caps for the maximum daily outstanding balance of deposits to be placed by the Group with the Service Providers under the New Financial Services Framework Agreements, together with the relevant interest to be received and service fees (if any), for the period from the Effective Date to 31 December 2024 and for the two years ending 31 December 2026 are as follows:

	<b>For the period from the Effective Date to 31 December 2024 (US\$ million)</b>	<b>For the year ending 31 December 2025 (US\$ million)</b>	<b>For the year ending 31 December 2026 (US\$ million)</b>
New Financial Services (CGNPC Huasheng) Framework Agreement	260	80	80
New Financial Services (CGN Finance) Framework Agreement	<u>540</u>	<u>750</u>	<u>790</u>
<b>Total</b>	<b><u>800</u></b>	<b><u>830</u></b>	<b><u>870</u></b>

Since the loan services are not required to be secured by the assets of the Group and are expected to be conducted on normal commercial terms or better, they are expected to be fully exempt under Rule 14A.90 of the Listing Rules. Therefore, no annual caps are set for such loan transactions.

As at the Latest Practicable Date, the Group does not have any plan to engage the Service Providers 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 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 three years ended 31 December 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 31 December 2023 of approximately US\$290 million; (ii) the expected cash flow to be generated from operation for the remaining year and the next two financial years; and (iii) the projected interest income of the Group for the three years ending 31 December 2026;

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## LETTER FROM THE BOARD

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- (2) 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;
- (3) the strategies for treasury management of the Group, after taking into account the business development plans and the financial needs of the Group; and
- (4) 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 New Financial Services Framework Agreements**

In order to safeguard the interests of the Group, each of the New 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 the Service Providers, 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 the Service Providers and at least two other independent financial institutions 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 the Service Providers (i) are no less favorable to the Group than those offered by other independent financial institutions; and (ii) comply with the terms and conditions of the New 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 the Service Providers until the withdrawal of the funds, place the current deposits with the Service Providers. The finance department of the Group will monitor the comparable market interest rates from at least two independent financial institutions to ensure that the interest rates offered by the Service Providers are no less favorable to the Group, and will withdraw the current deposits from the Service Providers if the interest rates they offer are less favorable to the Group;

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## LETTER FROM THE BOARD

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- (3) each of the Service Providers 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 the Service Providers to allow the Group to monitor and ensure that the daily deposit balance (including interests accrued thereon) with the Service Providers do not exceed the Annual Caps;
- (4) the Service Providers shall set up and maintain, or procure the setting up and maintenance of, a secured and stable information system through which the relevant subsidiaries of the Group which deposit money with the Service Providers can view the balance of such deposits at any time on any day;
- (5) the Service Providers shall, in taking and managing 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 the Service Providers will submit a report to the Service Providers on their funding requirements for the month to ensure that deployment by the Service Providers 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 the Service Providers of any fund utilization exceeding the reported funding requirement at any time, the Service Providers 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) the Service Providers shall facilitate any annual inspection by the Group of the management of the deposits placed by the Group with the Service Providers, 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 the Service Providers on a quarterly basis, based on its review of the management accounts of the Service Providers;
- (8) each of the Service Providers will provide its annual financial report and other documents and information to the Company at its request; and

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## LETTER FROM THE BOARD

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- (9) in accordance with the Listing Rules, (i) the independent auditor of the Group will continue to report annually on the transactions under the New Financial Services Framework Agreements to confirm, among other things, whether the transactions were entered into in accordance with the New 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 New 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.

### **Termination of the Original Financial Services Framework Agreements**

Subject to the fulfilment of the conditions set out in the paragraphs headed “Duration of the New Financial Services Framework Agreements”, each of the Original Financial Services Framework Agreements shall terminate upon each of the relevant New Financial Services Framework Agreements becomes effective on the Effective Date.

### **3. VARIATION AGREEMENT**

#### **Introduction**

References are made to the announcement of the Company dated 25 November 2020 and the circular of the Company dated 8 December 2020, 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).

Reference is made to the announcement of the Company dated 25 April 2024, 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 25 April 2024, 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).

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## LETTER FROM THE BOARD

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

Date	25 April 2024
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 following

- (1) Equipment procurement fees (inclusive of tax) of approximately RMB570 million, increased by approximately RMB1 million from approximately RMB569 million;
- (2) Construction and installation engineering fees (inclusive of tax) of approximately RMB1,746 million, increased by approximately RMB332 million from approximately RMB1,414 million;
- (3) Survey and design fees (inclusive of tax) of approximately RMB52 million, which remains unchanged;
- (4) Other service fees (inclusive of tax) of approximately RMB31 million, increased by approximately RMB6 million from approximately RMB25 million; and
- (5) Project management fees (inclusive of tax) of approximately RMB30 million, which remains unchanged.

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## LETTER FROM THE BOARD

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Pricing basis	<p>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》).</p> <p>The Board considers the revised total consideration to be fair and reasonable.</p>
Payment terms and schedule	<p>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 as soon as possible after approval by the Shareholders and any quality assurance fee shall be paid in accordance with the provisions regarding quality assurance fees under the Rudong Entrusted Construction Management Contract.</p>
Conditions precedent	<ol style="list-style-type: none"><li>(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</li><li>(2) CGN Power shall have complied with the requirements under the Listing Rules and/or listing rules of the Shenzhen Stock Exchange (where applicable).</li></ol>

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## LETTER FROM THE BOARD

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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 circular of the Company dated 25 November 2020 and 8 December 2020, respectively.

### **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE VARIATION AGREEMENT**

On 21 May 2019, the National Development and Reform Commission issued the “Notice on Improving the Wind Power On-grid Tariff Policy”(《關於完善風電上網電價政策的通知》)(the “**Notice**”). According to the Notice, with respect to any offshore wind power project approved by governmental authorities in 2018, such offshore wind power project will be able to enjoy the on-grid tariff determined at the time of approval only if all of its electricity generation units are connected to the grid by 31 December 2021, otherwise a lower guidance price for the year of on-grid connection will be implemented.

As the Rudong Offshore 300MW Wind Power Project was one of such offshore wind power projects approved in 2018, its full capacity grid connection was required to be completed by 31 December 2021 otherwise the Group would not be able to enjoy a higher on-grid tariff determined at the time of approval, which is RMB0.85 per kWh. As disclosed in the Company’s annual result announcement for the year 2021 dated 22 March 2022 and annual report for the year 2021 published on 19 April 2022, the Rudong Offshore 300MW Wind Power Project has been connected to the grid in full capacity as planned in 2021. As such, the higher on-grid tariff has been secured.

Due to a deadline driven “rush-to-install-tide”(搶裝潮), the overall construction scale of offshore wind power projects in China increased significantly in 2021, leading to significant shortages of the resources (such as equipment, storage facilities and staff) necessary for construction and substantial increases in their market prices. According to the information released by the Wind Energy Committee of China Renewable Energy Association (中國可再生能源學會風能專業委員會), in the first three quarters of 2021, China saw an approximately 227% increase in offshore wind power installations with grid connection in terms of the power generation capacity as compared with the same period in 2020. The pandemic also contributed to such shortages and price increases. While the Group and the Contractor had initially been aware of the possibility of such “rush-to-install-tide”, the severity of the shortages and the magnitude of the price increases in construction resources were unprecedented and unforeseeable.



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## LETTER FROM THE BOARD

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Such shortages and market price increases in construction resources have in turn contributed to the increases in construction and installation engineering fees and other service fees. Further, in order to secure the planned full capacity grid connection in 2021, the Contractor has taken necessary measures, including securing additional storage facilities, construction equipment, construction and transportation vessels, which have resulted in the changes in the scope of the construction and installation engineering work and other service and hence also contributed to the increases in construction and installation engineering fees and other service fees. Such market price increases and changes in work scope resulted in the increases in (a) the construction and installation engineering fees from approximately RMB1,414 million to approximately RMB1,746 million and (b) the other service fees from approximately RMB25 million to approximately RMB31 million.

Also, the equipment procurement fees increased by RMB1 million due to a governmental authority's additional request to add anti-corrosion coatings with absorbing properties which resulted in the changes in the work scope for the equipment procurement service and an increase in the fee.

As the Rudong Offshore 300MW Wind Power Project has been connected to the grid in full capacity in 2021 as planned, the initial total consideration under the Rudong Entrusted Construction Management Contract has been paid according to its original payment schedule with certain quality assurance fees reserved for the relevant warranty period. 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 as soon as possible after approval by the Shareholders and any quality assurance fee shall be paid in accordance with the provisions regarding quality assurance fees under the Rudong Entrusted Construction Management Contract.

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 》).

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## LETTER FROM THE BOARD

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Taking into consideration of the circumstances leading to the increase in total consideration, including, among others, the severity of the shortages and the magnitude of the price increases in construction resources, and the fact that the Contractor was able to ensure the planned full capacity grid connection in 2021 so that the Group is able to enjoy the higher on-grid tariff, the Board considers that (i) such increase in costs is not due to the mismanagement by the Contractor and (ii) the revised total consideration is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

For the reasons for and benefits of entering into of the Rudong Entrusted Construction Management Contract, please refer to the announcement and circular of the Company dated 25 November 2020 and 8 December 2020, respectively.

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 of the Company dated 8 December 2020 for details.

Based on the above, the Directors (including the independent non-executive Directors), 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.

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## LETTER FROM THE BOARD

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### 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 and biomass projects in the PRC and Korea power markets.

#### 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 Latest Practicable Date, CGN Finance is owned as to approximately 66.7% by CGN, 30% by China Nuclear Power Engineering, 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” and “CGN Services Group Co., Ltd.” below. CGN Finance is a non-banking financial institution subject to the regulations of the PBOC and the China Banking and National Financial Regulatory Administration in the PRC.

#### CGN Nantong

CGN Nantong is a non-wholly owned subsidiary of the Company incorporated in the PRC. As at the Latest Practicable Date, CGN Nantong is indirectly owned as to 85.5% by the Company, 4.5% 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.

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## LETTER FROM THE BOARD

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### **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.

### **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 Latest Practicable Date, 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 incorporated in the PRC. It is principally engaged in the investment in construction of nuclear power generating units, technical improvements in the nuclear power plants in operation, and research & development of technologies related to nuclear power. Its shares are listed on both the Main Board of the Stock Exchange and the Shenzhen Stock Exchange.

### **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 Latest Practicable Date, it is principally engaged in property, catering, transportation, gardening businesses etc..

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## LETTER FROM THE BOARD

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### APPROVAL BY THE BOARD

None of the Directors has a material interest in (i) the New Financial Services Framework Agreements; and (ii) the Variation Agreement. As the Overlapping Directors are directors and/or senior management of certain members of the CGN Group, for good corporate governance, they have abstained from voting on the resolutions of the Board approving (i) the New Financial Services Framework Agreements and the Annual Caps; and (ii) the Variation Agreement.

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, CGN is the controlling shareholder indirectly holding approximately 72.33% of the issued share capital of the Company. CGNPC Huasheng and CGN Finance are subsidiaries of CGN, and are therefore connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the New Financial Services Framework 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 New Financial Services Framework Agreements is similar, the Annual Caps under the New Financial Services Framework Agreements 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 Annual Caps exceeds 25% but is less than 100%, the transactions contemplated under the New 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.

China Nuclear Power Engineering is a 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.

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.

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## LETTER FROM THE BOARD

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### INDEPENDENT BOARD COMMITTEE

The Independent Board Committee has been established to consider (i) the entering into and the terms of the New Financial Services Framework Agreements and the Annual Caps; and (ii) the entering into and the terms of the Variation Agreement, and to advise the Independent Shareholders as to whether (i) the New Financial Services Framework Agreements; and (ii) the Variation Agreement are in the interests of the Company and the Shareholders as a whole.

### INDEPENDENT FINANCIAL ADVISER

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether (i) the New Financial Services Framework Agreements; and (ii) the Variation Agreement are in the interests of the Company and the Shareholders as a whole.

#### 4. SPECIAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Special General Meeting is set out on pages 64 to 67 of this circular. Pursuant to the Listing Rules and the Bye-laws, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which related to purely a procedural or administrative matter to be voted on by a show of hands in accordance with Rule 13.39(4) of the Listing Rules. An announcement on the poll results will be published by the Company after the Special General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

In view of the interests of CGN in the transactions contemplated under the New Financial Services Framework Agreements, CGN and its associates will abstain from voting in respect of the relevant resolutions to be proposed at the Special General Meeting to approve (i) the entering into and the terms of the New Financial Services Framework Agreements and the Annual Caps; and (ii) the entering into and the terms of the Variation Agreement. As at the Latest Practicable Date, CGN and its associates together held 3,103,384,000 Shares, representing approximately 72.33% of the total issued share capital of the Company.

A form of proxy for use at the Special General Meeting is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cgnne.com](http://www.cgnne.com)). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Special General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Special General Meeting, or any adjournment thereof if you so wish.

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## LETTER FROM THE BOARD

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### 5. RECOMMENDATIONS

Your attention is drawn to:

- (a) the letter from the Independent Board Committee set out on pages 31 and 32 of this circular which contains its recommendation to the Independent Shareholders; and
- (b) the letters from the Independent Financial Adviser set out on pages 33 to 54 of this circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders.

The Independent Board Committee, having considered (i) the New Financial Services Framework Agreements and the Annual Caps; and (ii) the Variation Agreement, and taken into account the advice of the Independent Financial Adviser, considers that the (i) the New Financial Services Framework Agreements; and (ii) the Variation Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and that the terms thereof, together with the Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the resolutions approving (i) the entering into and the terms of the New Financial Services Framework Agreements and the Annual Caps; and (ii) the entering into and the terms of the Variation Agreement at the Special General Meeting.

Taking into account the letter from the Independent Board Committee and all factors stated above as a whole, the Directors (excluding the Overlapping Directors) are of the view that (i) the New Financial Services Framework Agreements; and (ii) the Variation Agreement are in the ordinary and usual course of business of the Group, on normal commercial terms, and that the terms thereof, together with the Annual Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Further, in light of the business needs of the Group, the benefits of entering into the New Financial Services Framework Agreements and the Variation Agreement set out in this circular above and the factors stated above as a whole, the Directors (excluding the Overlapping Directors) are of the view that proposing the resolutions for approving (i) the entering into and the terms of the New Financial Services Framework Agreements and the Annual Caps; and (ii) the entering into and the terms of the Variation Agreement after the special general meeting of the Company held on 28 December 2023 are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (excluding the Overlapping Directors) recommend the Independent Shareholders to vote in favor of the resolutions approving (i) the entering into and the terms of the New Financial Services Framework Agreements and the Annual Caps; and (ii) the entering into and the terms of the Variation Agreement at the Special General Meeting.

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## LETTER FROM THE BOARD

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### 6. 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*





**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)**

7 May 2024

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) MAJOR TRANSACTIONS AND  
CONTINUING CONNECTED TRANSACTIONS  
TERMINATION OF THE ORIGINAL FINANCIAL SERVICES  
FRAMEWORK AGREEMENTS AND  
ENTERING INTO OF THE NEW FINANCIAL SERVICES  
FRAMEWORK AGREEMENTS;  
AND  
(2) VARIATION OF TERMS  
VARIATION AGREEMENT IN RELATION TO THE RUDONG  
ENTRUSTED CONSTRUCTION MANAGEMENT CONTRACT**

We refer to the circular of the Company dated 7 May 2024 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the Board as the members of the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, (i) the entering into and the terms of the New Financial Services Framework Agreements and the Annual Caps; and (ii) the entering into and the terms of the Variation Agreement, are fair and reasonable so far as the Independent Shareholders are concerned. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of (i) the New Financial Services Framework Agreements and the Annual Caps; and (ii) the Variation Agreement. Details of its advice, together with the principal factors that have been taken into consideration in arriving at such, are set out in its letters set out on pages 33 to 54 of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Your attention is also drawn to the letter from the Board set out on pages 7 to 30 of the Circular, the financial information of the Group set out in Appendix I to the Circular and the general information set out in Appendix II to the Circular.

Having considered (i) the terms of the New Financial Services Framework Agreements and the Annual Caps; and (ii) the terms of the Variation Agreement, and taken into account the advice of the Independent Financial Adviser, we consider that (i) the New Financial Services Framework Agreements; and (ii) the Variation Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group and that the terms thereof, together with the Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favor of the resolutions to be proposed at the Special General Meeting to approve (i) the entering into and the terms of the New Financial Services Framework Agreements and the Annual Caps; and (ii) the entering into and the terms of the Variation Agreement.

Yours faithfully,  
**Mr. Wang Minhao**  
**Mr. Yang Xiaosheng**  
**Mr. Leung Chi Ching Frederick**  
*Independent Board Committee*

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS

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*The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions as contemplated under the New New Financial Services Framework Agreements (including the Annual Caps), which has been prepared for the purpose of incorporation in this circular.*

# ALTUS.

Altus Capital Limited  
21 Wing Wo Street  
Central  
Hong Kong

7 May 2024

*To the Independent Board Committee and the Independent Shareholders*

**CGN New Energy Holdings Co., Ltd**

15/F Harbour Centre  
25 Harbour Road  
Wanchai, Hong Kong

Dear Sirs,

### **MAJOR TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS TERMINATION OF THE ORIGINAL FINANCIAL SERVICES FRAMEWORK AGREEMENTS AND ENTERING INTO OF THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions as contemplated under the New Financial Services Framework Agreements and the Annual Caps. Details of the continuing connected transactions as contemplated under the New Financial Services Framework Agreements and the Annual Caps and the terms of the New Financial Services Framework Agreements are set out in the “Letter from the Board” contained in the circular of the Company dated 7 May 2024 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS

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Reference is made to the announcement of the Company dated 8 November 2023 and the circular of the Company dated 24 November 2023 in respect of the renewal of the 2014 Financial Services Framework Agreements and related annual caps. As disclosed in the poll results announcement of the Company dated 28 December 2023, the resolutions on the approval of the renewal of the 2014 Financial Services Framework Agreements and related annual caps were not passed at the special general meeting of the Company held on 28 December 2023.

### **The New Financial Services Framework Agreements**

Reference is made to the announcement of the Company dated 18 January 2024, in relation to, among others, the Original Financial Services Framework Agreements, entered into between the Company and the Service Providers, respectively, pursuant to which the Service Providers agreed to provide deposit and other financial services to the Group for a term commencing from 18 January 2024 and ending on 31 December 2024.

Reference is made to the announcement of the Company dated 25 April 2024, in order to revise the existing annual caps for the maximum daily outstanding balance of deposits to be placed by the Group with the Service Providers under the Original Financial Services Framework Agreements, together with the relevant interest to be received and service fees (if any) under the Original Financial Services Framework Agreements, the Company entered into the New Financial Services Framework Agreements with the Service Providers on 25 April 2024.

Subject to the fulfilment of the conditions set out in the paragraphs headed “Duration of the New Financial Services Framework Agreements” in the “Letter from the Board” of the Circular, the New Financial Services Framework Agreements shall be effective from the Effective Date and expire on 31 December 2026. Meanwhile, the Original Financial Services Framework Agreements shall be terminated from the Effective Date, and all matters in relation to the provision of deposit and other financial services to the Group by the Service Providers shall be executed in accordance with the terms and conditions stipulated in the New Financial Services Framework Agreements.

Pursuant to the New Financial Services Framework Agreements, the Group may from time to time deposit money with CGNPC Huasheng and CGN Finance in their respective jurisdictions. The Group may also from time to time request CGNPC Huasheng to provide loan services, including the provision of credit lines, supply of loans, revolving facilities, non-financing letters of guarantees, bill acceptance, bill discount, financial consultancy (providing debt financing only without giving advice) and other loan-related services, as well as intra-group or external settlement, transmittance or foreign exchange services. The Group may also from time to time request CGN Finance to provide loan services, including the provision of credit lines, supply of loans (including entrusted loan), revolving facilities, non-financing letters of guarantees, bill acceptance, bill discount, financial consultancy (providing debt financing only without giving advice) and other loan-related services as well as intra-group or external settlement, transmittance or foreign exchange services. In the event that the Group will require any loan or other financial services from CGNPC Huasheng or CGN Finance, under the New Financial Services Framework Agreements, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules accordingly.

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## **LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS**

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### **Listing Rules implications**

As at the Latest Practicable Date, CGN is a controlling shareholder indirectly holding approximately 72.33% of the issued share capital of the Company. CGNPC Huasheng and CGN Finance are subsidiaries of CGN, and therefore are connected persons of the Company under the Listing Rules.

Since one or more of the applicable percentage ratios in relation to the Annual Caps exceed 25% but is less than 100%, the transactions contemplated under the New 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.

### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. WANG Minhao, Mr. YANG Xiaosheng and Mr. LEUNG Chi Ching Frederick, has been established to advise the Independent Shareholders as to (i) whether the terms of the New Financial Services Framework Agreements are fair and reasonable; (ii) whether the Annual Caps are fair and reasonable; (iii) whether the transactions contemplated under the New Financial Services Framework Agreements will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and no less favourable to the Group than those of independent third parties, and are in the interests of the Company and its Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the ordinary resolutions to be proposed at the Special General Meeting, taking into account the recommendation of the Independent Financial Adviser.

### **INDEPENDENT FINANCIAL ADVISER**

As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give recommendations to the Independent Board Committee and the Independent Shareholders (i) whether the terms of the New Financial Services Framework Agreements are fair and reasonable; (ii) whether the Annual Caps are fair and reasonable; (iii) whether the transactions contemplated under the New Financial Services Framework Agreements will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and no less favourable to the Group than those of independent third parties, and are in the interests of the Company and its Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the ordinary resolutions to be proposed at the Special General Meeting.

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS

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We had acted as the independent financial adviser for the Company with regard to (i) its connected transaction in relation to the variation of terms of the Rudong Entrusted Construction Management Contract, details of which are set out in the circular of the Company dated 24 November 2023; and (ii) its continuing connected transactions for the renewal of the Original Financial Services Framework Agreements, details of which are set out in the circular of the Company dated 24 November 2023.

Save for the aforesaid transactions, we have not acted as independent financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the continuing connected transactions as contemplated under the New Financial Services Framework Agreements and the Annual Caps is at market level and not conditional upon successful passing of the resolutions to be proposed at the Special General Meeting, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

### **BASIS OF OUR OPINION**

In formulating our opinion, we have reviewed, amongst others, (i) the New Financial Services Framework Agreements; (ii) the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”); and (iii) other information contained or referred to in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular are accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading.

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS

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We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Management have been reasonably made after due and careful enquiry. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion, we have taken into consideration the following principal factors and reasons:

#### I. The New Financial Services Framework Agreements

##### 1. *Background information of the Group, the CGN Group and parties involved in the New Financial Services Framework Agreements*

###### 1.1. *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.

###### 1.2. *The CGN Group*

CGN is a state-owned enterprise established in the PRC and a 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.

###### 1.3. *CGNPC Huasheng*

CGNPC Huasheng 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 authorised institution under the Banking Ordinance (Cap. 155 of the laws of Hong Kong) in Hong Kong.

###### 1.4. *CGN Finance*

CGN Finance 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. CGN Finance is a non-banking financial institution subject to the regulations of the PBOC and China Banking Regulatory Commission in the PRC.

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS

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### ***2. Reasons for the entering into of the New Financial Services Framework Agreements***

The arrangement contemplated under the New Financial Services Framework Agreements aims to optimise the efficient use of cash resources among members of the Group and the CGN Group. The role of CGNPC Huasheng and CGN Finance is similar to a cash pooling centre which enables surplus funds from subsidiary companies within the Group and the CGN Group to be pooled together for deployment to cover the funding needs among members of the CGN Group (including the Group).

In addition, CGNPC Huasheng and CGN Finance have gained a thorough understanding on the operations and development of the Group over the past nine years during which they provided the same deposit services to the Group. We understand from the Management that CGNPC Huasheng and CGN Finance have a better and more efficient communication with the Group as compared to other commercial banks and independent financial institutions for serving the financial needs of the Group.

Given that (i) the New Financial Services Framework Agreements clearly defines the operational framework with regards to the provision of financial services by CGNPC Huasheng and CGN Finance to the Group; (ii) such arrangements as contemplated under the New Financial Services Framework Agreements provide an alternative channel and flexibility for the Group to manage its cash resources in addition to other independent commercial banks and financial institutions; (iii) CGNPC Huasheng and CGN Finance have established strong relationships with the Group and CGN Group through years of cooperation which enables expedient and efficient services to the Group as compared to other independent commercial banks and financial institutions; (iv) the main objectives of CGNPC Huasheng and CGN Finance are to provide financial and treasury services to member units of the CGN Group (including the Group) and they can better understand the needs of the Group as compared to other independent commercial banks and financial institutions; and (v) the Group will require financial services to conduct its daily operations irrespective of whether the service providers are independent commercial banks and financial institutions or connected parties such as CGNPC Huasheng and CGN Finance; and (vi) based on total amount of deposits that the Group has placed with CGNPC Huasheng and CGN Finance for the four months ended 30 April 2024, the Company anticipates that the amount of the existing annual caps under the Original Financial Services Framework Agreements for the period commencing from 18 January 2024 and ending 31 December 2024 will not be sufficient to meet the demand of the Group, we consider that the entering into of the New Financial Services Framework Agreements is fair and reasonable, is in the interests of the Company and Shareholders as a whole and in the ordinary and usual course of business of the Company.



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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS

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### ***3. Principal terms of the New Financial Services Framework Agreements***

When assessing the fairness and reasonableness of the terms of the New Financial Services Framework Agreements, we have considered the principal terms of the New Financial Services Framework Agreements summarised below. Please refer to the paragraphs headed “The New Financial Services (CGNPC Huasheng) Framework Agreement” and “The New Financial Services (CGN Finance) Framework Agreement “in the “Letter from the Board” set out in the Circular for further details.

#### *3.1 Interest rate*

Pursuant to the New Financial Services (CGNPC Huasheng) Framework Agreement and the New Financial Services (CGN Finance) Framework Agreement, the Group may from time to time deposit money with CGNPC Huasheng and CGN Finance at an interest rate not less than the highest interest rate for the same type of deposit as may be offered in the respective jurisdictions by (i) major independent third party commercial banks to the Group; and (ii) CGNPC Huasheng and CGN Finance to other subsidiaries, associates or affiliated companies of CGN, respectively.

We have obtained and reviewed (i) 12 sample monthly statements of the Group’s depository accounts with CGNPC Huasheng and the relevant interest rate comparison documents during the three years ended 31 December 2023; and (ii) 12 deposit slips from CGN Finance and the relevant interest rate comparison documents during the three years ended 31 December 2023. We noted that the deposit interest rates offered by CGNPC Huasheng and CGN Finance to the Group are similar to or not less favourable than those offered by other commercial banks in the same period for the same types of deposits.

As such, we believe the abovementioned term relating to the interest rates offered by CGNPC Huasheng and CGN Finance to the Group under the deposit services as contemplated under the New Financial Services Framework Agreements is on normal commercial terms, fair and reasonable, no less favourable than those offered by independent third party financial institutions and is in the interests of the Company and its Shareholders as a whole.

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS

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### *3.2 Right to early withdraw*

We noted from the New Financial Services Framework Agreements that the Group may early withdraw its fixed deposits in CGNPC Huasheng and CGN Finance, together with any interest accrued and other receivables, before the deposit maturity after a reasonable written notice is given to CGNPC Huasheng and CGN Finance.

In the event of default of the New Financial Services Framework Agreements, the non-defaulting party is entitled to terminate the New Financial Services Framework Agreement by written notice.

### *3.3 Right to utilise the deposit service at the Group's discretion*

The New Financial Services Framework Agreements do not prevent the Group from utilising the depository services provided by third party financial institutions or commercial banks. The Group has absolute discretion as to whether, to utilise the depository services provided by CGNPC Huasheng and CGN Finance. Since Company has the flexibility to decide whether to utilise the deposit services of CGNPC Huasheng or CGN Finance, we consider that this term is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### *3.4 Termination of the New Financial Services Framework Agreements*

The Company, CGNPC Huasheng and CGN Finance (as the case may be) have the right to terminate the respective New Financial Services Framework Agreements (as the case may be) by mutual agreement in writing among the parties with one month's advance notice.

Given that this is mutually applied to the Company and each of CGNPC Huasheng and CGN Finance, we are of the view that such term is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS

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### 3.5 Section summary

Given that (i) the Group will be offered with deposit rate no less favourable than those offered by independent commercial banks and financial institutions; (ii) the Group has the flexibility in withdrawing its deposits with CGNPC Huasheng and CGN Finance as long as a reasonable written notice is given; (iii) the Group has no obligation or responsibility in utilising the financial services (including the deposit services) provided by CGNPC Huasheng and CGN Finance; (iv) the Group has its sole discretion to use services from any commercial bank or financial institution other than that provided by CGNPC Huasheng and CGN Finance; and (v) the New Financial Services Framework Agreements can be terminated on mutual agreement among the parties, we consider the terms mentioned above are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## 4. Annual caps for the New Financial Services Framework Agreements

### 4.1. Annual Caps

The estimated respective annual caps for the maximum daily outstanding balance of deposits to be placed by the Group with CGNPC Huasheng and CGN Finance under the New Financial Services Framework Agreements, together with the relevant interest to be received, for the period from the Effective Date to 31 December 2024 and two years ending 31 December 2026 are as follows:

	<b>For the period from the Effective Date to 31 December 2024 (US\$ million)</b>	<b>For the year ending 31 December 2025 (US\$ million)</b>	<b>For the year ending 31 December 2026 (US\$ million)</b>
CGNPC Huasheng	260	80	80
CGN Finance	540	750	790
Total	800	830	870

As set out in the “Letter from the Board”, the Management has taken into account (i) the historical amount of deposits the Group placed with CGNPC Huasheng and CGN Finance as well as other independent commercial banks; (ii) the Group’s expected available free cash flow; and (iii) the latest actual cash balance of the Group as at 31 December 2023 when arriving at the Annual Caps.

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**LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO  
THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS**

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*4.2. Analysis of the Annual Caps*

In assessing the reasonableness of the Annual Caps, we have reviewed the relevant basis and assumptions prepared by the Company taking into account the Group's historical cash deposits placed with CGNPC Huasheng and CGN Finance as well as other independent commercial banks. Set out below is the maximum utilisation rates of the historical annual caps of the Company in relation to the deposits placed by the Group with CGNPC Huasheng and CGN Finance (including their respective interest received) for the three years ended 31 December 2023.

	For the year ended 31 December		
	2021	2022	2023
	<i>(US\$ million)</i>	<i>(US\$ million)</i>	<i>(US\$ million)</i>
Annual cap	610	640	680
Highest monthly deposits balances placed with CGNPC Huasheng and CGN Finance	559	526	528
Maximum utilisation rates	92%	82%	78%

In addition, the existing respective annual caps for the maximum daily outstanding balance of deposits to be placed by the Group with the Service Providers under the Original Financial Services Framework Agreements, together with the relevant interest to be received and service fees (if any), for the period commencing from 18 January 2024 and ending 31 December 2024 are US\$53 million in total. The maximum daily outstanding balance of deposits placed by the Group with the Service Providers (including their respective interest received and service fees, if any), for the period from the effective date of the Original Financial Services Framework Agreements (i.e. 18 January 2024) to 30 April 2024 in relation to the similar financial services arrangements entered into by the Service Providers, and the transactions contemplated under the New Financial Services Framework Agreements were US\$47 million in total. It is noted that based on total amount of deposits that the Group has placed with CGNPC Huasheng and CGN Finance for the four months ended 30 April 2024, the Company anticipates that the amount of the existing annual caps under the Original Financial Services Framework Agreements will not be sufficient to meet the demand of the Group.

In estimating the annual cap needed for the deposit services from CGNPC Huasheng and CGN Finance, the Management took into account and we have reviewed (i) 2023 Annual Report relating to the business prospect of the Group and noted that the Management will continue its focus on enhancing the operating capacity of the Group; (ii) the bank balances and cash of the Group as at 31 December 2023 as stated in the 2023 Annual Report; (iii) the budget monthly cash and cash equivalents position of the Group for the period ending March 2025 prepared by the Management; and (iv) the projected interest income to be generated from the deposits under the New Financial Services Framework Agreements based on the aforesaid budget.

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS

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Having considered (i) the high utilisation rates of historical annual caps in respect of the deposits placed by the Group with CGNPC Huasheng and CGN Finance; (ii) the strong tendency of the Group in placing deposits with CGNPC Huasheng and CGN Finance rather than other commercial banks during the three years ended 31 December 2023; and (iii) the estimated cash inflow from the Group's business operations to determine the projected cash position of the Group and the interest income to be generated from the New Financial Services Framework Agreements, we are of the view that the Annual Caps are determined on a fair and reasonable basis.

### **5. Internal control measures**

As stated in the "Letter from the Board" of the Circular, the following monitoring and internal controls measures are in place to safeguard the interests of the Group and to ensure transactions contemplated under the New Financial Services Framework Agreements are in the interests of the Company and the Shareholders as a whole.

- (i) The finance department of the Company will obtain 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 respectively for deposit of similar type for comparison before the Company or any of its subsidiaries enters into any fixed deposit services with CGNPC Huasheng or CGN Finance;
- (ii) approval from the chief financial officer of the relevant member of the Group is needed for the Group to enter into the fixed deposit services arrangement with CGNPC Huasheng or CGN Finance;
- (iii) the finance department of the Group will monitor the comparable market interest rates from at least two independent financial institutions to ensure that the interest rates offered by CGNPC Huasheng or CGN Finance are no less favourable to the Group;
- (iv) the relevant subsidiary of the Group which deposits money with CGNPC Huasheng or CGN Finance will submit a report to CGNPC Huasheng or CGN Finance on its funding requirements for the month by no later than the seventh business day of each month; and

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**LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO  
THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS**

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- (v) the Group will evaluate and assess the financial performance and position of CGNPC Huasheng and CGN Finance on a quarterly basis.

For further details, please refer to the paragraph headed “Internal control measures for transactions under the New Financial Services Framework Agreements” in the “Letter from the Board” of the Circular.

We have reviewed the summary of quotations obtained by the Group from other independent commercial banks or financial institutions for deposit services. We further understand from the Management that, the Group has not experienced any delay from withdrawals or late payment of interest income in relation to the deposit arrangements with CGNPC Huasheng and CGN Finance under the Financial Services Framework Agreement. Based on the documents provided by the Management and the abovementioned internal control measures, we noted that the Company had adhered to the internal control measures and believed such internal control measures are adequate.

**RECOMMENDATION**

Having considered the above principal factors and reasons, we are of the view that (i) the terms of the New Financial Services Framework Agreements are fair and reasonable; (ii) the Annual Caps are fair and reasonable; and (iii) the transactions contemplated under the New Financial Services Framework Agreements will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms and no less favourable to the Group than those of independent third parties, and are in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions relating to the New Financial Services Framework Agreements (including the Annual Caps) to be proposed at the Special General Meeting.

Yours faithfully  
For and on behalf of  
**Altus Capital Limited**

**Jeanny Leung**  
*Responsible Officer*

**Leo Tam**  
*Responsible Officer*

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE NEW FINANCIAL SERVICES FRAMEWORK AGREEMENTS

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*Ms. Jeanny Leung (“**Ms. Leung**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

*Mr. Leo Tam (“**Mr. Tam**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over nine years of experience in corporate finance and advisory in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE VARIATION AGREEMENT

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*The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Variation Agreement, which has been prepared for the purpose of incorporation in this circular.*

# ALTUS.

Altus Capital Limited  
21 Wing Wo Street  
Central  
Hong Kong

7 May 2024

*To the Independent Board Committee and the Independent Shareholders*

**CGN New Energy Holdings Co., Ltd**  
15/F Harbour Centre  
25 Harbour Road  
Wanchai, Hong Kong

Dear Sirs,

### **VARIATION OF TERMS IN RELATION TO THE VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION VARIATION AGREEMENT IN RELATION TO THE RUDONG ENTRUSTED CONSTRUCTION MANAGEMENT CONTRACT**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Variation Agreement (the “**Transaction**”). Details of the Transaction are set out in the “Letter from the Board” contained in the circular of the Company dated 7 May 2024 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.



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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE VARIATION AGREEMENT

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References are made to the announcement of the Company dated 25 November 2020 and the circular of the Company dated 8 December 2020, 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).

Reference is made to the announcement of the Company dated 8 November 2023 and the circular of the Company dated 24 November 2023 in respect of the 2023 Variation Agreement. As disclosed in the poll results announcement of the Company dated 28 December 2023, the resolution on the approval of the 2023 Variation Agreement were not passed at the special general meeting of the Company held on 28 December 2023.

Reference is made to the announcement of the Company dated 25 April 2024, 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 25 April 2024, 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 Latest Practicable Date, CGN is the controlling shareholder indirectly holding approximately 72.33% of the issued share capital of the Company. China Nuclear Power Engineering is a 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 then 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.

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.

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## **LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE VARIATION AGREEMENT**

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### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. WANG Minhao, Mr. YANG Xiaosheng and Mr. LEUNG Chi Ching Frederick, has been established to advise the Independent Shareholders as to (i) whether the terms of the Variation Agreement are fair and reasonable; (ii) whether the transactions contemplated under the Variation Agreement will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms, and are in the interests of the Company and Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the ordinary resolution(s) to be proposed at the Special General Meeting, taking into account the recommendation of the Independent Financial Adviser.

### **INDEPENDENT FINANCIAL ADVISER**

As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give recommendations to the Independent Board Committee and the Independent Shareholders (i) whether the terms of the Variation Agreement are fair and reasonable; (ii) whether the transactions contemplated under the Variation Agreement will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms, and are in the interests of the Company and Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the ordinary resolution(s) to be proposed at the Special General Meeting.

We had acted as the independent financial adviser for the Company with regard to (i) its continuing connected transactions for the renewal of the Original Financial Services Framework Agreements, details of which are set out in the circular of the Company dated 24 November 2023; and (ii) variation of terms of the Rudong Entrusted Construction Management Contract, details of which are set out in the circular of the Company dated 24 November 2023. Saved for the aforesaid transaction, we have not acted as independent financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the transactions contemplated under the Rudong Entrusted Construction Management Contract is at market level and not conditional upon successful passing of the resolution(s) to be proposed at the Special General Meeting, and that our engagement is on normal commercial terms, we are independent of and not associated with the Company, its controlling shareholder(s) or connected person(s).

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE VARIATION AGREEMENT

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### BASIS OF OUR OPINION

In formulating our opinion, we have reviewed, amongst others, (i) the Variation Agreement and the Rudong Entrusted Construction Management Contract; (ii) the annual report of the Company for the year ended 31 December 2023 (“**2023 Annual Report**”); and (iii) other information contained or referred to in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors, the management of the Company (“**Management**”) and the management of the Contractor. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular are accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion are untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading.

We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Management and the management of the Contractor have been reasonably made after due and careful enquiry. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE VARIATION AGREEMENT

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion, we have taken into consideration the following principal factors and reasons:

#### **1. Background information of the Company, the CGN and parties involved in the Variation Agreement**

##### ***1.1. 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.

##### ***1.2. CGN***

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.

##### ***1.3. CGN Nantong***

CGN Nantong is a non-wholly-owned subsidiary of the Company incorporated in the PRC. 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.

##### ***1.4 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.

##### ***1.5 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.

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE VARIATION AGREEMENT

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### 2. Reasons for entering into the Variation Agreement

The Group had been promoting offshore wind power business in recent years, as evidenced by the Group's growth in revenue generated from PRC wind projects from approximately US\$265.9 million in the year ended 31 December 2020 to approximately US\$569.2 million, US\$692.8 million and US\$702.4 million in the year ended 31 December 2021, 2022 and 2023 respectively. The purpose of entering into of the Variation Agreement is to revise the total consideration under the Rudong Entrusted Construction Management Contract arising from the "rush-to-install-tide" (搶裝潮) as detailed in the section headed "Reasons for and benefits of entering into of the Variation Agreement" under the "Letter from the Board".

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 of 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 change in work scope is for the completion of the design, procurement and construction work and management of the Rudong Offshore 300MW Wind Farm Project. The increase in total consideration as a result of the change in work scope is in line with general commercial terms and market price of similar projects.

The Rudong Offshore 300MW Wind Farm Project has been connected to the grid in full capacity in 2021 as planned, the initial total consideration has been settled. 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 as soon as possible after approval by the Shareholders and any quality assurance fee shall be paid in accordance with the provisions regarding quality assurance fees under the Rudong Entrusted Construction Management Contract.

Having obtained and reviewed the supporting documents as detailed in the sub-section headed "3. Principal terms of the Variation Agreement" below and taking into account the above, we are of the view that the entering into the Variation Agreement are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE VARIATION AGREEMENT

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### 3. Principal terms of the Variation Agreement

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

#### 3.1 Date and parties

Date:	25 April 2024
Parties:	(1) CGN Nantong (as employer); and (2) China Nuclear Power Engineering (as Contractor)

#### 3.2 Revised total consideration and pricing basis

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 following:

	<b>Initial consideration</b> <i>RMB million</i>	<b>Revised consideration</b> <i>RMB million</i>	<b>Additional amount</b> <i>RMB million</i>
Equipment procurement fees (inclusive of tax)	569	570	1
Construction and installation engineering fees (inclusive of tax)	1,414	1,746	332
Survey and design fees (inclusive of tax)	52	52	N/A
Other service fees (inclusive of tax)	25	31	6
Project management fees (inclusive of tax)	<u>30</u>	<u>30</u>	<u>N/A</u>
Total	<u><u>2,090</u></u>	<u><u>2,429</u></u>	<u><u>339</u></u>

We noted that the revised total consideration of approximately RMB2.4 billion comprises additional amount (the “**Additional Amount**”) from (i) equipment procurement fees; (ii) construction and installation engineering fees; and (iii) other services fees. There was no change in survey and design fees or project management fees.

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE VARIATION AGREEMENT

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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 300 MW 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 the 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》).

To assess the fairness and reasonableness of the Additional Amount and whether and how the Additional Amount is not due to mismanagement by the Contractor, we have conducted the following work:

- (i) Enquired with the Management about the reasons for the Additional Amount and noted that the Additional Amount was due to change in work scope, which is necessary to complete the Rudong Offshore 300MW Wind Farm Project.
- (ii) For each of the items comprising the Additional Amount, obtained and reviewed (i) meeting notes among subsidiary of the Group, CGN Power Engineering and its downstream subcontractors relating to the reasons for the potential change in work scope and fees and the details of measures taken by the Contractor including securing additional storage facilities, construction equipment, construction and transportation vessels; (ii) correspondences between subsidiary of the Group and CGN Power Engineering relating to the confirmation of change of work scope and fees; (iii) the letter of variation order issued by CGN Power Engineering relating to the change of work scope and fees to its downstream subcontractors; and (iv) the letter of on-site confirmation of change of work scope signed by representatives of the Group, CGN Power Engineering and project supervision institute. We have discussed with the Management and understand that a governmental authority had requested additional anti-corrosion coatings with absorbing properties which resulted in the change in work scope for the equipment procurement service and additional fees.

Taking into account the above independent work done and the fact that the project management fee payable to the Contractor remained unchanged, we are of the view that (i) the increase in costs is not due to mismanagement by the Contractor; and (ii) the revised total consideration has been arrived at with proper basis and is therefore fair and reasonable.

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## LETTER FROM ALTUS CAPITAL LIMITED IN RELATION TO THE VARIATION AGREEMENT

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### **3.3 Section summary**

Taking into account that (i) the principal term of the Variation Agreement is the revision of total consideration; (ii) the Additional Amount leading to the revised total consideration has been arrived at with proper basis; and (iii) saved for the terms of the Variation Agreement, other terms of the Rudong Entrusted Constriction Management Contract remain unchanged and therefore continued to be fair and reasonable as analysed in our opinion contained in the circular of the Company dated 8 December 2020, we are of the view that the terms of the Variation Agreement are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### **RECOMMENDATION**

Having considered the above principal factors and reasons, we are of the view that (i) the terms of the Variation Agreement are fair and reasonable; (ii) the transactions contemplated under the Variation Agreement will be conducted in the ordinary and usual course of business of the Group, on normal commercial terms, and are in the interests of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) relating to the Transaction to be proposed at the Special General Meeting.

Yours faithfully,

For and on behalf of Altus Capital Limited

**Jeanny Leung**  
*Responsible Officer*

**Leo Tam**  
*Responsible Officer*

*Ms. Jeanny Leung (“Ms. Leung”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

*Mr. Leo Tam (“Mr. Tam”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. He has over nine years of experience in corporate finance and advisory in Hong Kong, in particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions. Mr. Tam is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.*



## 1. FINANCIAL INFORMATION OF THE GROUP

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

- (a) 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;
- (b) 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
- (c) the annual report of the Company for the year ended 31 December 2023 published on 17 April 2024 (pages 123 to 258) in relation to the financial information of the Group for the same year.

## 2. INDEBTEDNESS

### Bank Borrowings

As at close of business on 31 March 2024, 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\$4,389.4 million, details of which are set out below:

	<i>US\$ million</i>
Bank borrowings, secured and unguaranteed	2,642.1
Bank borrowings, unsecured and unguaranteed	<u>1,747.3</u>
	<u><u>4,389.4</u></u>

### Loans from fellow subsidiaries and amounts due to fellow subsidiaries

As at close of business on 31 March 2024, the Group had unsecured and unguaranteed outstanding loans from fellow subsidiaries and amounts due to fellow subsidiaries of approximately US\$1,233.7 million and US\$3.3 million respectively.

**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 March 2024.

**Lease liabilities**

As at close of business on 31 March 2024, the Group had lease liabilities of approximately US\$50.3 million.

**General**

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities, issued and outstanding, and authorized 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 March 2024.

**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, the installed capacity of the PRC amounted to 2,919.7 GW in 2023, representing a year-on-year increase of 13.9%, while electricity consumption amounted to 9,224.1 TWh, representing a year-on-year increase of 6.7%. The accumulated grid-connected wind power capacity for 2023 reached 441.3 GW, with a year-on-year increase of 20.7%, while the accumulated grid connected solar power capacity recorded 609.5 GW, with a year-on-year increase of 55.2%.

In 2023, the new energy industry continued to maintain a stable growth trend, achieved high-quality development, and provided strong support for China to achieve the goal of carbon peak and carbon neutrality.

During the period of rapid development of the “dual-carbon” strategic goal and the construction of a new type of power system based on new energy, the Company has cultivated and formed industrial control through scientific and technological innovation. In terms of new energy science and technology innovation, the Company adhered to the “value creation” orientation, focused on core capacity building, systematically rolled out the “leading project of digital operation and maintenance”(「數字化運維領先工程」) and the “integration project of advanced technology of offshore wind power”(「海風先進技術集成工程」), promoted the innovation of green development mode led by new energy, and sped up the transformation of the results to serve the market, thus continuously shaping new driving forces and advantages for development, and boosting the high-quality development of the Company.

Digital operation and maintenance:

The Company developed intelligent operation and maintenance equipment to create efficient and highly reliable power station operation capabilities and realize unattended operation of wind power and photovoltaic power stations. The Company applied intelligent analysis and forecasting tools to maximize the benefits of electricity market transactions. The Company has been focusing on promoting demonstration projects such as onshore wind farms, digital twins for offshore wind turbine equipment and unattended photovoltaic power stations.

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 threedimensional 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, vigorously supporting the high-quality development of the Company’s offshore wind power industry for the creation of a major strategic pillar for the offshore wind development.

Adhering to the concept of “value creation”, the Company stuck to the innovation-driven development strategy and strengthened its principal role in scientific and technological innovation, in order to become a reliable national strategic scientific and technological force and provide solid support for enhancing the resilience and security of the industrial chain, as well as ensuring unimpeded national economy under extreme scenarios.

2024 is the 75th anniversary of the founding of the new China and a crucial year to implement the “14th Five-Year Plan”. The Company will actively and duly promote business developments through innovation-oriented, reform-driven approach, striving for aggressive progresses and new achievements, so as to make all efforts to promote the high-quality developments.

### 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 <sup>Note (1)(2)</sup>	Interests in controlled corporation (long position)	3,103,384,000	72.33%
CGNPC International <sup>Note (2)</sup>	Interests in controlled corporation (long position)	3,101,800,000	72.29%
CGN Energy International <sup>Note (2)</sup>	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 2023, 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 2023, 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. EXPERT AND CONSENT**

The following are the qualifications of the expert who has given opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Altus Capital Limited	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

As of the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect interest in any assets which had since 31 December 2023 (being the date which the latest published audited financial statements of the Company were made up) 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. As of the Latest Practicable Date, the Independent Financial Adviser was not beneficially interested in the share capital of any member of the Group, nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**11. MATERIAL CONTRACTS**

Save for the New Financial Services Framework Agreements, 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.

**12. 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.

**13. DOCUMENTS ON DISPLAY**

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

- (a) the Bye-laws of the Company;
- (b) the New Financial Services (CGNPC Huasheng) Framework Agreement;
- (c) the New Financial Services (CGN Finance) Framework Agreement;
- (d) the Rudong Entrusted Construction Management Contract;
- (e) the Variation Agreement;
- (f) the letter from the Independent Board Committee, the text of which is set out in the section headed “Letter from the Independent Board Committee” of this circular;



- (g) the letters from the Independent Financial Adviser, the text of which is set out in the section headed “Letter from Altus Capital Limited in relation to the New Financial Services Framework Agreements” and “Letter from Altus Capital Limited in relation to the Variation Agreement” of this circular;
- (h) the written consent referred to in paragraph headed “10. Expert and Consent” in this appendix; and
- (i) this circular.

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## NOTICE OF SPECIAL GENERAL MEETING

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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)

### NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Special General Meeting**”) of CGN New Energy Holdings Co., Ltd. (the “**Company**”) will be held at Boardroom 3-4, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 23 May 2024 at 11:00 a.m. (or as soon thereafter as the annual general meeting of the Company convened for the same day and place shall have concluded or adjourned) for the following purposes:

#### ORDINARY RESOLUTIONS

1. “**THAT**, conditional upon the passing of the resolution set out in item 3 of this Notice,
  - (a) The entering into of the New Financial Services (CGNPC Huasheng) Framework Agreement (as defined and described in the circular of the Company dated 7 May 2024 (the “**Circular**”), a copy of the Circular marked “A” together with a copy of the New Financial Services (CGNPC Huasheng) Framework Agreement marked “B” are tabled before the Special General Meeting and initialed by the chairman of the Special General Meeting for identification purpose) and transactions contemplated thereunder and the implementation thereof be and are hereby approved, ratified and confirmed;
  - (b) any one director of the Company (or any two directors of the Company or any one director and the company secretary of the Company if the affixation of the common seal is necessary), be and is/are hereby authorized for and on behalf of the Company to execute all such other documents and agreements and do all such acts and things as he or they may in his or their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or give effect to the New Financial Services (CGNPC Huasheng) Framework Agreement and the transactions contemplated thereunder and all matters incidental to, ancillary or incidental thereto.”

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## NOTICE OF SPECIAL GENERAL MEETING

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2. “**THAT**, conditional upon the passing of the resolution set out in item 3 of this Notice,
  - (a) the entering into of the New Financial Services (CGN Finance) Framework Agreement (as defined and described in the Circular, a copy of the New Financial Services (CGN Finance) Framework Agreement marked “C” is tabled before the Special General Meeting and initialed by the chairman of the Special General Meeting for identification purpose) and transactions contemplated thereunder and the implementation thereof be and are hereby approved, ratified and confirmed;
  - (b) any one director of the Company (or any two directors of the Company or any one director and the company secretary of the Company if the affixation of the common seal is necessary), be and is/are hereby authorized for and on behalf of the Company to execute all such other documents and agreements and do all such acts and things as he or they may in his or their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or give effect to the New Financial Services (CGN Finance) Framework Agreement and the transactions contemplated thereunder and all matters incidental to, ancillary or incidental thereto.”
3. “**THAT** conditional upon the passing of resolutions set out in items 1 to 2 of this Notice, the Annual Caps as defined and described in the Circular in respect of the New Financial Services (CGNPC Huasheng) Framework Agreement and the New Financial Services (CGN Finance) Framework Agreement, for the period from the Effective Date to 31 December 2024 and for the two years ending 31 December 2026 be and are hereby approved.”
4. “**THAT**, to consider and, if thought fit, approve,
  - (a) the entering into of the variation agreement on 25 April 2024 to amend the terms of the Rudong Entrusted Construction Management Contract dated 25 November 2020, entered into between CGN New Energy Nantong Co., Ltd.\* (中廣核新能源南通有限公司) and China Nuclear Power Engineering Co., Ltd.\* (中廣核工程有限公司)(the “**Variation Agreement**”), and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, ratified and confirmed;

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## NOTICE OF SPECIAL GENERAL MEETING

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- (b) any one director of the Company (or any two directors of the Company or any one director and the company secretary of the Company if the affixation of the common seal is necessary), be and is/are hereby authorized for and on behalf of the Company to execute all such other documents and agreements and do all such acts and things as he or they may in his or their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or give effect to the Variation Agreement and the transactions contemplated thereunder and all matters ancillary or incidental thereto.”

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

Hong Kong, 7 May 2024

*Notes:*

1. All resolutions at the Special General Meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to purely a procedural or administrative matter to be voted on by a show of hands in accordance with the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
2. Any member of the Company entitled to attend and vote at the Special General Meeting or at any adjournment thereof is entitled to appoint another person as his proxy (or more than one proxy if he is the holder of two or more shares) to attend and vote instead of him. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint registered holders of any share, any one of such persons may vote at the Special General Meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the Special General Meeting in person or by proxy, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding. Several executors or administrators of a deceased shareholder of any share will for this purpose be deemed joint holders thereof.

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## NOTICE OF SPECIAL GENERAL MEETING

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5. In order to determine the entitlement to attend the Special General Meeting, the register of members of the Company will be closed from Monday, 20 May 2024 to Thursday, 23 May 2024 (both days inclusive), during which period no transfer of shares can be registered. In order to be qualified for attending and voting at the Special General Meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by not later than 4:30 p.m. on Friday, 17 May 2024.

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

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

*Non-executive Directors* : *Mr. Liu Qingming and  
Mr. Zhao Xianwen*

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