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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)**

## **Connected Transaction Disposal of the Equipment**

### **EQUIPMENT TRANSFER AGREEMENTS**

The Board announces that, on 10 November 2020 (after trading hours), (i) CGN Anshan, an indirect wholly-owned subsidiary of the Company, and Yixian Company entered into the First Equipment Transfer Agreement, pursuant to which CGN Anshan agreed to dispose of, and Yixian Company agreed to acquire, 36 items of the Equipment at the consideration of RMB9,034,271.59 (inclusive of tax); and (ii) CGN Anshan and Lingyuan Company entered into the Second Equipment Transfer Agreement, pursuant to which CGN Anshan agreed to dispose of, and Lingyuan Company agreed to acquire, 20 items of the Equipment at the consideration of RMB8,772,193.83 (inclusive of tax). The aggregate consideration for the disposal of the Equipment is RMB17,806,465.42 (inclusive of tax).

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, CGN is the controlling shareholder indirectly holding approximately 72.29% of the issued share capital of the Company. Yixian Company and Lingyuan Company are subsidiaries of CGN, and are therefore connected persons of the Company under the Listing Rules. The transaction contemplated under the Equipment Transfer Agreements constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Equipment Transfer Agreements exceeds 0.1% but is less than 5%, the transaction contemplated under the Equipment Transfer Agreements constitutes a connected transaction of the Company, which is subject to the reporting and announcement requirements, but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **EQUIPMENT TRANSFER AGREEMENTS**

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A summary of the principal terms of the Equipment Transfer Agreements is set out below:

### **(i) First Equipment Transfer Agreement**

#### ***Date***

10 November 2020

#### ***Parties***

- (1) CGN Anshan (as vendor); and
- (2) Yixian Company (as purchaser)

#### ***Assets to be disposed of***

CGN Anshan agreed to dispose of, and Yixian Company agreed to acquire, 36 items of idle equipment, machinery and assets in respect of the 1.9MW and 3.9MW distributed photovoltaic projects of CGN Anshan.

#### ***Consideration and payment terms***

The consideration under the First Equipment Transfer Agreement is RMB9,034,271.59 (inclusive of tax in the amount of RMB1,039,340.98). The consideration was determined after arm's length negotiations between the parties with reference to the value of the corresponding items of the Equipment appraised at approximately RMB7,994,930.61 as at 30 April 2020, being the benchmark date of valuation, based on the assets valuation report prepared by Beijing China Enterprise.

Yixian Company shall pay the full amount of the consideration by way of bank transfer to the designated bank account of CGN Anshan within 30 working days from the day on which Yixian Company received the invoices for the full amount of value-added taxes and full contractual amount from CGN Anshan.

**(ii) Second Equipment Transfer Agreement**

***Date***

10 November 2020

***Parties***

- (1) CGN Anshan (as vendor); and
- (2) Lingyuan Company (as purchaser)

***Assets to be disposed of***

CGN Anshan agreed to dispose of, and Lingyuan Company agreed to acquire, 20 items of idle equipment, machinery and assets in respect of the 1.9MW and 3.9MW distributed photovoltaic projects of CGN Anshan.

***Consideration and payment terms***

The consideration under the Second Equipment Transfer Agreement is RMB8,772,193.83 (inclusive of tax in the amount of RMB1,009,190.44). The consideration was determined after arm's length negotiations between the parties with reference to the value of the corresponding items of the Equipment appraised at approximately RMB7,763,003.39 as at 30 April 2020, being the benchmark date of valuation, based on the assets valuation report prepared by Beijing China Enterprise.

Lingyuan Company shall pay the full amount of the consideration by way of bank transfer to the designated bank account of CGN Anshan within 30 working days from the day on which Lingyuan Company received the invoices for the full amount of value-added taxes and full contractual amount from CGN Anshan.

## **INFORMATION ON THE EQUIPMENT**

The Equipment to be transferred by CGN Anshan to each of Yixian Company and Lingyuan Company under the Equipment Transfer Agreements mainly comprises the construction in progress and electronic equipment in respect of the 1.9MW and 3.9MW distributed photovoltaic projects of CGN Anshan, including but not limited to photovoltaic panels, combiner boxes, inverters, power cables, measurement and control systems, and other components.

The appraised value of the Equipment as at 30 April 2020, being the benchmark date of valuation, was approximately RMB15,757,934 based on the asset valuation report prepared by Beijing China Enterprise. The appraised value was arrived at on the basis of cost approach. The unaudited book value of the Equipment as at 30 April 2020 was RMB6,718.58.

The Equipment was acquired by CGN Anshan from an independent third party and has been held by CGN Anshan for more than 12 months as at the date of this announcement. There was no net profit attributable to the Equipment for the two financial years ended 31 December 2018 and 2019.

## **FINANCIAL EFFECT OF THE DISPOSAL OF THE EQUIPMENT**

It is expected that the Group will recognise an unaudited gain of approximately RMB15,751,215.42 as a result of the disposal of the Equipment. Such gain is calculated with reference to the difference between the aggregate consideration (exclusive of tax) of RMB15,757,934 for the disposal of the Equipment and the unaudited book value of the Equipment of RMB6,718.58 as at 30 April 2020. Such calculation is only an estimate provided for illustrative purpose. The actual amount of gain to be recorded will be subject to review by the auditors of the Company.

## **INTENDED USE OF PROCEEDS**

It is intended that the net proceeds from the disposal of the Equipment (after deducting the fees and expenses in relation to such disposal) will be used for the purpose of the general working capital of the Group.

## **INFORMATION ON RELEVANT PARTIES**

### **The Company**

The Company is a diversified independent power producer in Asia in terms of fuel type and geography, with a portfolio of gas-fired, coal-fired, oil-fired, wind, solar, hydro, cogen and fuel cell power generation projects in the PRC and Korea.

## **CGN Anshan**

CGN Anshan is a company established in the PRC and is principally engaged in the development, investment, general contracting, design, procurement, construction and operations of new energy power station (limited to wind energy and solar energy only). CGN Anshan is an indirect wholly-owned subsidiary of the Company.

## **Yixian Company**

Yixian Company is a company established in the PRC and is an indirect non-wholly owned subsidiary of CGN. It is principally engaged in the development, investment, general contracting, design, procurement, construction and operations of solar energy generation projects, as well as research and development of product technology, and investment and production in relation to solar energy supply chain. As at the date of this announcement, Yixian Company is indirectly owned as to approximately 17.42% by Shenzhen CGN Hengjian and 82.58% by CGN. For details of its ultimate beneficial owners, please refer to the paragraphs headed “Shenzhen CGN Hengjian” and “CGN” of this announcement.

## **Lingyuan Company**

Lingyuan Company is a company established in the PRC and is an indirect non-wholly owned subsidiary of CGN. It is principally engaged in the development, investment, general contracting, design, procurement, construction and operations of solar energy generation projects, as well as the development, investment, general contracting, design, procurement, construction, operations and related businesses of other new energy projects. As at the date of this announcement, Lingyuan Company is indirectly owned as to approximately 17.42% by Shenzhen CGN Hengjian and approximately 82.58% by CGN. For details of its ultimate beneficial owners, please refer to the paragraphs headed “Shenzhen CGN Hengjian” and “CGN” of this announcement.

## **Shenzhen CGN Hengjian**

Shenzhen CGN Hengjian is a limited partnership established in the PRC and is principally engaged in investment in the new energy sector and project investment (subject to separate application for specific projects) as well as venture capital business. To the best of the Director’s knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Shenzhen CGN Hengjian is owned as to 1% by CGN and 99% by Guangdong Hengjian Investment Holding Co., Ltd. (廣東恒健投資控股有限公司), a Guangdong Provincial Government owned enterprise which is principally engaged in state-owned assets operation and management within the scope of authority, state-owned equity interests operation and management, entrusted management, capital operations, funds investment and management, equity interests investment and management, financial investment, finance leasing, insurance brokerage, industry research as well as investment and consultation business for conducting the above-mentioned businesses.

## **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. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the equity interest of CGN is held as to 90% by State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) and 10% by Guangdong Hengjian Investment Holding Co., Ltd. (廣東恒健投資控股有限公司), a Guangdong Provincial Government owned enterprise which is principally engaged in state-owned assets operation and management within the scope of authority, state-owned equity interests operation and management, entrusted management, capital operations, funds investment and management, equity interests investment and management, financial investment, finance leasing, insurance brokerage, industry research as well as investment and consultation business for conducting the above-mentioned businesses.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL OF THE EQUIPMENT**

Following the introduction of the "531 New Policy" for the photovoltaic industry under the "Notice on Matters in relation to Photovoltaic Power Generation in 2018" (《關於2018年光伏發電有關事項的通知》) (Fa Gai Neng Yuan [2018] No. 823) in the PRC, as the 1.9MW and 3.9MW distributed photovoltaic projects of CGN Anshan were not yet connected to the grid by 31 May 2018, the photovoltaic subsidies for electricity tariff could not be implemented. Such projects of CGN Anshan were classified as asset revitalisation projects as their rate of return was unable to meet the requirements of the Company. Full impairment has been made for the construction in progress of CGN Anshan as at the end of 2019. The disposal of the Equipment enables the Group to realise its investments and recognise a gain which is currently expected to be approximately RMB15,751,215.42.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Equipment Transfer Agreements are entered into on normal commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **APPROVAL BY THE BOARD**

The Equipment Transfer Agreements were approved by the Board. None of the Directors has a material interest in any of the Equipment Transfer Agreements. As the Overlapping Directors are directors and/or senior management of certain members of the CGN Group, for good corporate governance, they have abstained from voting on the resolutions of the Board approving the transaction contemplated under the Equipment Transfer Agreements.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, CGN is the controlling shareholder indirectly holding approximately 72.29% of the issued share capital of the Company. Yixian Company and Lingyuan Company are subsidiaries of CGN, and are therefore connected persons of the Company under the Listing Rules. The transaction contemplated under the Equipment Transfer Agreements constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Equipment Transfer Agreements exceeds 0.1% but is less than 5%, the transaction contemplated under the Equipment Transfer Agreements constitutes a connected transaction of the Company, which is subject to the reporting and announcement requirements, but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

“Beijing China Enterprise”	Beijing China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司), a company established in the PRC and an independent PRC assets valuer which appraised the valuation of the Equipment
“Board”	the board of Directors
“CGN”	China General Nuclear Power Corporation (中國廣核集團有限公司), a state-owned enterprise established in the PRC and the controlling shareholder of the Company
“CGN Anshan”	CGN (Anshan) New Energy Co., Ltd.* (中廣核(鞍山)新能源有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“CGN Group”	CGN and its subsidiaries from time to time
“Company”	CGN New Energy Holdings Co., Ltd. (中國廣核新能源控股有限公司), a 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
“Director(s)”	the director(s) of the Company
“Equipment”	the 56 items of idle equipment, machinery and assets in respect of the 1.9MW and 3.9MW distributed photovoltaic projects of CGN Anshan which are the subject matters of the Equipment Transfer Agreements
“Equipment Transfer Agreements”	collectively, the (i) First Equipment Transfer Agreement and the (ii) Second Equipment Transfer Agreement
“First Equipment Transfer Agreement”	the agreement dated 10 November 2020 entered into by CGN Anshan and Yixin Company in relation to the disposal of 36 items of the Equipment from CGN Anshan to Yixin Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lingyuan Company”	Zhaoyang Junxiao New Energy (Lingyuan) Co., Ltd.* (朝陽君曉新能源(凌源)有限公司), a company established in the PRC and an indirect non-wholly owned subsidiary of CGN
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt, or one million watts. The installed capacity of power projects is generally expressed in terms of MW
“Overlapping Directors”	Directors who are also directors and/or senior management of certain members of the CGN Group, namely Mr. Chen Sui, Mr. Li Yilun, Mr. Zhang Zhiwu and Mr. Xing Ping
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan



“RMB”	Renminbi, the lawful currency of the PRC
“Second Equipment Transfer Agreement”	the agreement dated 10 November 2020 entered into by CGN Anshan and Lingyuan Company in relation to the disposal of 20 items of the Equipment from CGN Anshan to Lingyuan Company
“Shareholders(s)”	the shareholder(s) of the Company
“Shenzhen CGN Hengjian”	Shenzhen CGN Hengjian No. 1 New Energy Partnership Enterprise (Limited Partnership)* (深圳中廣核恒健一號新能源合夥企業(有限合夥)), a limited partnership established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Yixian Company”	CGN Solar Energy (Yixian) Co., Ltd.* (中廣核太陽能(義縣)有限公司), a company established in the PRC and an indirect non-wholly owned subsidiary of CGN
“%”	per cent.

\* For identification purpose only

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

Hong Kong, 10 November 2020

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

<i>Chairman and non-executive Director</i>	:	<i>Mr. Chen Sui</i>
<i>Executive Directors</i>	:	<i>Mr. Li Yilun (President) and Mr. Zhang Zhiwu</i>
<i>Non-executive Director</i>	:	<i>Mr. Xing Ping</i>
<i>Independent non-executive Directors</i>	:	<i>Mr. Wang Minhao, Mr. Yang Xiaosheng and Mr. Leung Chi Ching Frederick</i>