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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 Entire Issued Share Capital
in the Target Company**

SHARE SALE AND PURCHASE AGREEMENT

The Board announces that, on 29 October 2019 (after trading hours), the Company and CGNEI entered into the Share Sale and Purchase Agreement, pursuant to which CGNEI agreed to purchase, and the Company agreed to sell, the Sale Share at the consideration of US\$1. The Sale Share represents the entire issued share capital of the Target Company, which in turn owns the entire equity interest in Shenzhen Meineng. Furthermore, CGNEI agreed to procure the Target Company to repay the Shareholder's Loan of US\$1,637,014.32 in full.

The Target Group, which comprises the Target Company and its wholly-owned subsidiary, Shenzhen Meineng, does not engage in any substantial business as at the date of this announcement.

As at the date of this announcement, the Company holds the entire issued share capital of the Target Company. Immediately after the Closing, each member of the Target Group will cease to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CGNEI is the controlling shareholder of the Company, directly holding 72.29% of the issued share capital of the Company. Therefore, CGNEI is a connected person of the Company under the Listing Rules and the transaction contemplated under the Share Sale and Purchase Agreement 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 Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements, but is exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

SHARE SALE AND PURCHASE AGREEMENT

The Board announces that, on 29 October 2019 (after trading hours), CGNEI and the Company entered into the Share Sale and Purchase Agreement, pursuant to which CGNEI agreed to purchase, and the Company agreed to sell, the Sale Share at the consideration of US\$1.

A summary of the principal terms of the Share Sale and Purchase Agreement is set out below:

Date

29 October 2019

Parties

- (1) The Company (as seller); and
- (2) CGNEI (as purchaser).

Subject matter

Pursuant to the terms and conditions of the Share Sale and Purchase Agreement, the Company agreed to sell, and CGNEI agreed to purchase, the Sale Share. The Sale Share represents the entire issued share capital of the Target Company, which in turn owns the entire equity interest in Shenzhen Meineng.

Consideration

The Consideration for the Sale Share is US\$1, which shall be payable by CGNEI to the Company in cash. CGNEI shall pay the Consideration to the bank account designated by the Company via wire transfer on a one-off basis on the Closing Date. The details of the bank account shall be notified by the Company to CGNEI within 10 Business Days before the Closing Date. The Consideration was arrived at after arms' length negotiations between the Parties with reference to the appraised value of the net liabilities of the Target Group, which was approximately US\$653,000, as appraised by China Assets as at the Benchmark Date. In addition, CGNEI agreed to procure the Target Company to repay the Shareholder's Loan to the Company in full, details of which have been set out in the section headed "Post-Closing obligations" of this announcement.

Closing

Closing shall take place on the Closing Date or such other time and place as the Parties may agree. Immediately after the Closing, each member of the Target Group will cease to be a subsidiary of the Company.

Post-Closing obligations

Based on the Valuation Report, as at the Benchmark Date, the Target Company owed the Shareholder's Loan to the Company in the amount of US\$1,637,014.32, which is interest-free and has no definitive due date.

In addition to the payment of the Consideration, within five Business Days from the Closing Date, CGNEI shall (i) procure the Target Company to repay the Shareholder's Loan to the Company in full; and (ii) provide the Company with written proof that the Shareholder's Loan has been repaid in full.

Other material terms

The Company undertook that, among other things, within one year from the Closing Date, it shall (i) compensate Shenzhen Meineng in full for any administrative penalty imposed on Shenzhen Meineng as a result of the non-compliance(s) of Shenzhen Meineng that arose and subsisted up until the date of the Share Sale and Purchase Agreement; (ii) compensate the Target Company in full for any administrative penalty imposed on the Target Company as a result of the non-compliance(s) of the Target Company that arose and subsisted up until the date of the Share Sale and Purchase Agreement; and (iii) compensate CGNEI in full if CGNEI incurs any losses as a result of the above penalty on Shenzhen Meineng or the Target Company.

INFORMATION OF THE TARGET GROUP

The Target Company, a limited liability company incorporated in Hong Kong, is a wholly-owned subsidiary of the Company as at the date of this announcement. The Target Company is an investment holding company and it holds the entire equity interest in Shenzhen Meineng, a limited liability company established in the PRC.

The Target Group, which comprises the Target Company and its wholly-owned subsidiary, Shenzhen Meineng, does not engage in any substantial business as at the date of this announcement.

The audited consolidated net profit (before and after taxation) of the Target Group for the two years ended 31 December 2017 and 2018 prepared under the International Financial Reporting Standards are set out as follows:

	For the year ended 31 December 2017 US\$	For the year ended 31 December 2018 US\$
Net profit before taxation	8,000	38,000
Net profit after taxation	8,000	38,000

As at 31 December 2018, under the International Financial Reporting Standards, the audited consolidated net liability value of the Target Group was approximately US\$653,000.

As at 30 June 2019, under the International Financial Reporting Standards, the unaudited consolidated net liability value of the Target Group was approximately US\$651,000.

As at the Benchmark Date, being 31 December 2018, the appraised value of the consolidated net liabilities of the Target Group was approximately US\$653,000 based on the Valuation Report adopting the asset-based approach.

FINANCIAL EFFECT OF THE DISPOSAL AND THE PROPOSED USE OF PROCEEDS

Immediately after the Closing, the Company will no longer hold the interests of the Target Group and its financial results will no longer be included in the Group's consolidated statement of profit or loss and other comprehensive income.

It is expected that the Group will recognise a net gain attributable to the Disposal of approximately US\$550,000, which is mainly derived from the difference between the net proceeds from the Disposal, including the Consideration and the repayment of the Shareholder's Loan, and the net liabilities value of the Target Group, as well as the reclassification of translation reserve to profit or loss. The actual gain to be recorded can only be ascertained when the attributable consolidated net liability value of the Target Group and the incidental transaction costs are determined upon the Closing.

The net proceeds from the Disposal (after deducting the fees and expenses in relation to the Disposal) will be used for the purpose of general working capital of the Group and for its future business development.

INFORMATION ON THE COMPANY, CGNEI AND CGN

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 and a steam project in the PRC and Korea.

CGNEI

CGNEI is a company incorporated in Hong Kong with limited liability and principally engaged in development, investment and asset management of overseas non-nuclear clean energy business.

CGN

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 project.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Since the Target Group does not have substantive operations, the Disposal can lower the operating costs and financial management fees for the Group.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Share Sale and Purchase Agreement is 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 Share Sale and Purchase Agreement was approved by the Board. None of the Directors has a material interest in the transaction contemplated thereunder. As the Overlapping Directors are directors and/or senior management of certain other members of the CGN Group, for good corporate governance, they have abstained from voting on the resolutions of the Board approving the Share Sale and Purchase Agreement and the transaction thereunder.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CGNEI is the controlling shareholder of the Company, directly holding 72.29% of the issued share capital of the Company. Therefore, CGNEI is a connected person of the Company under the Listing Rules and the transaction contemplated under the Share Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 0.1% but is less than 5%, the Disposal is subject to the reporting and announcement requirements, but is exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“Board”	the board of Directors of the Company;
“Benchmark Date”	31 December 2018, being the benchmark date for the valuation of the Target Group in the Valuation Report;
“Business Day”	any day other than Saturdays, Sundays or days on which banks are not open for business in the PRC or Hong Kong;
“China Assets”	China Assets Appraisal Co., Ltd. (中資資產評估有限公司), which is a PRC assets valuer and an independent third party of the Company and its connected persons;
“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 a controlling shareholder indirectly holding approximately 72.95% of the issued share capital of the Company as at the date of this announcement;
“CGNEI”	CGN Energy International Holdings Co., Limited, a company incorporated in Hong Kong and the controlling shareholder directly holding approximately 72.29% of the issued share capital of the Company as at the date of this announcement;
“CGN Group”	CGN and its subsidiaries from time to time;
“Closing”	closing of the Disposal;
“Closing Date”	the date on which the Consideration is paid by CGNEI to the Company in full on a timely basis pursuant to the terms and conditions of the Share Sale and Purchase Agreement;

“Company”	CGN New Energy Holdings Co., Ltd., 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;
“Consideration”	the consideration of US\$1 payable by CGNEI to the Company in respect of the Disposal;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Sale Share by the Company to CGNEI in accordance with the terms and conditions of the Share Sale and Purchase Agreement;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Overlapping Directors”	Directors who are also directors and/or senior management of certain other members of the CGN Group, namely Mr. Chen Sui, Mr. Li Yilun, Mr. Yao Wei and Mr. Xing Ping;
“Parties”	the Company and CGNEI;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Share”	one share of HK\$1.00 in the share capital of the Target Company, representing its entire issued share capital;

“Share Sale and Purchase Agreement”	the share sale and purchase agreement dated 29 October 2019 entered into between CGNEI and the Company in relation to the Disposal;
“Shareholder(s)”	the shareholder(s) of the Company;
“Shareholder’s Loan”	the interest-free shareholder’s loan of US\$1,637,014.32 payable by the Target Company to the Company as at the Benchmark Date;
“Shenzhen Meineng”	CGN Meineng Corporate Management (Shenzhen) Ltd. (中廣核美能企業管理(深圳)有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Target Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	MPC Investment (HK) Company Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the date of this announcement;
“Target Group”	the Target Company and its wholly-owned subsidiary, i.e. Shenzhen Meineng;
“US\$”	United States Dollar, the lawful currency of United States;
“Valuation Report”	the assets valuation report dated 10 April 2019 prepared by China Assets in respect of the Target Group (Zhong Zi Ping Bao Zi [2019] No.230); and
“%”	per cent.

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

Hong Kong, 29 October 2019

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

Chairman and non-executive Director : Mr. Chen Sui

President and executive Director : Mr. Li Yilun

*Non-executive Directors : Mr. Yao Wei and
Mr. Xing Ping*

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