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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)

**Continuing Connected Transactions
Renewal of the Operation and
Management Services Framework Agreements**

Reference is made to the Announcement dated 29 December 2016 in relation to certain non-exempt continuing connected transactions entered into between the Company, CGN and/or certain subsidiaries of CGN.

It was disclosed in the Announcement that the Company renewed the Operation and Management Services (CGN Energy) Framework Agreement with CGN Energy, and the Operation and Management Services (Huamei Holding) Framework Agreement with Huamei Holding, annual caps were set up in respect of the relevant non-exempt continuing connected transactions for each of the years ended 31 December 2017, 31 December 2018 and 31 December 2019. Unless renewed in accordance with their respective terms, the Operation and Management Services Framework Agreements are due to expire on 31 December 2019.

As the Company and the relevant parties to the above agreements intend to continue to carry out these transactions after 31 December 2019, the Company is required to comply with the requirements of Chapter 14A of the Listing Rules in respect of continuing connected transactions. The Company has served a notice to CGN Energy and Huamei Holding to renew the terms of the Operation and Management Services (CGN Energy) Framework Agreement and the Operation and Management Services (Huamei Holding) Framework Agreement, respectively, upon the expiry of their respective terms on 31 December 2019. Subject to the compliance of the Listing Rules by the Company, the Operation and Management Services Framework Agreements will be renewed for one year from 1 January 2020 to 31 December 2020.

LISTING RULES IMPLICATIONS

CGN Energy and Huamei Holding are subsidiaries of CGN and CGN is the controlling shareholder of the Company indirectly holding approximately 72.95% of the issued share capital of the Company as at the date of this announcement. Therefore, CGN, CGN Energy and Huamei Holding are connected persons of the Company under the Listing Rules and the transactions contemplated under the Operation and Management Services Framework Agreements constitute continuing connected transactions of the Company.

Given that one or more of the applicable percentage ratios in relation to the Annual Cap are, on an annual and aggregate basis, more than 0.1% but all are less than 5%, the continuing connected transactions contemplated under the Operation and Management Services Framework Agreements are exempted from Shareholders' approval requirement but are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the Announcement in relation to certain non-exempt continuing connected transactions entered into between the Company, CGN and/or certain subsidiaries of CGN.

It was disclosed in the Announcement that the Company renewed the Operation and Management Services (CGN Energy) Framework Agreement with CGN Energy, and the Operation and Management Services (Huamei Holding) Framework Agreement with Huamei Holding, annual caps were set up in respect of the relevant non-exempt continuing connected transactions for each of the years ended 31 December 2017, 31 December 2018 and 31 December 2019. Unless renewed in accordance with their respective terms, the Operation and Management Services Framework Agreements are due to expire on 31 December 2019.

As the Company and the relevant parties to the above agreements intend to continue to carry out these transactions after 31 December 2019, the Company is required to comply with the requirements of Chapter 14A of the Listing Rules in respect of continuing connected transactions. The Company has served a notice to CGN Energy and Huamei Holding to renew the terms of the Operation and Management Services (CGN Energy) Framework Agreement and the Operation and Management Services (Huamei Holding) Framework Agreement, respectively, upon the expiry of their respective terms on 31 December 2019. Subject to the compliance of the Listing Rules by the Company, the Operation and Management Services Framework Agreements will be renewed for one year from 1 January 2020 to 31 December 2020.

RENEWAL OF THE OPERATION AND MANAGEMENT SERVICES (CGN ENERGY) FRAMEWORK AGREEMENT

Date

20 August 2014

Parties

- (1) The Company; and
- (2) CGN Energy

Principal terms

Pursuant to the Operation and Management Services (CGN Energy) Framework Agreement, the Company agreed to provide, or procure a subsidiary of the Company to provide, operation and management services to power projects (whether in operation or under construction) in which CGN Energy has interest. The relevant subsidiaries of the Company will provide comprehensive operation and management services according to the requirements of the service recipient, and may appoint personnel to be responsible for or to be involved in the operations management, financial management, human resources management, technical management, information management, and/or safety management of the relevant power project or the company which holds interest in the relevant power project.

The operation and management services may include assets and equity interest management, developing grid connection plans and strategies, developing pricing strategies, fuel procurement, equipment procurement, maintenance and overhaul of equipment, capital and other financial management, provision of accounting and internal audit management services, provision of technical training, project planning and budgeting, budget management, costs management, performance targets management and setting of incentive schemes, etc. It is envisaged that the extent of the services to be provided by the relevant subsidiaries of the Company would depend on the percentage of interest the service recipient holds in a particular power project (for example, whether it is a majority interest or minority interest), and whether the services will be provided at the project company level or at the shareholder company level.

An operation and management services agreement, which will be prepared based on the terms provided in the Operation and Management Services (CGN Energy) Framework Agreement and provide for detailed terms of each operation and management services arrangement, will be signed for the services to be provided to each particular power project, or the company which holds interest in a power project.

Management fees

The management fees payable by the service recipient to the service provider will be determined on a “cost-plus” basis, namely the service provider will charge a service fee that represents a 5% margin over the expenses that will be incurred by the service provider in providing the operation and management services to the service recipient. The 5% margin was determined by the parties based on arm’s length negotiation with reference to the margin charged for similar services in the market and the PBOC benchmark lending and deposit interest rates.

The Company has served a notice to CGN Energy in accordance with the terms of the Operation and Management Services (CGN Energy) Framework Agreement to renew such agreement for a term of one year from 1 January 2020 to 31 December 2020. Save for the renewal of the term of the agreement, the principal terms of the renewed Operation and Management Services (CGN Energy) Framework Agreement shall remain the same as the original Operation and Management Services (CGN Energy) Framework Agreement (including the calculation of the management fees).

RENEWAL OF THE OPERATION AND MANAGEMENT SERVICES (HUAMEI HOLDING) FRAMEWORK AGREEMENT

Date

15 September 2014

Parties

- (1) The Company; and
- (2) Huamei Holding

Principal terms

Pursuant to the Operation and Management Services (Huamei Holding) Framework Agreement, the Company agreed to provide, or procure a subsidiary of the Company to provide, operation and management services to power projects (whether in operation or under construction) in which Huamei Holding has interest. The relevant subsidiaries of the Company will provide comprehensive operation and management services according to the requirements of the service recipient, and may appoint personnel to be responsible for or to be involved in the operations management, financial management, human resources management, technical management, information management, and/or safety management of the relevant power project or the company which holds interest in the relevant power project.

The operation and management services may include assets and equity interest management, developing grid connection plans and strategies, developing pricing strategies, fuel procurement, equipment procurement, maintenance and overhaul of equipment, capital and other financial management, provision of accounting and internal audit management services, provision of technical training, project planning and budgeting, budget management, costs management, performance targets management and setting of incentive schemes, etc. It is envisaged that the extent of the services to be provided by the relevant subsidiaries of the Company would depend on the percentage of interest the service recipient holds in a particular power project (for example, whether it is a majority interest or minority interest), and whether the services will be provided at the project company level or at the shareholder company level.

An operation and management services agreement, which will be prepared based on the terms provided in the Operation and Management Services (Huamei Holding) Framework Agreement and provide for detailed terms of each operation and management services arrangement, will be signed for the services to be provided to each particular power project, or the company which holds interest in a power project.

Management fees

The management fees payable by the service recipient to the service provider will be determined on a “cost-plus” basis, namely the service provider will charge a service fee that represents a 5% margin over the expenses that will be incurred by the service provider in providing the operation and management services to the service recipient. The 5% margin was determined by the parties based on arm’s length negotiation with reference to the margin charged for similar services in the market and the PBOC benchmark lending and deposit interest rates.

The Company has served a notice to Huamei Holding in accordance with the terms of the Operation and Management Services (Huamei Holding) Framework Agreement to renew such agreement for a term of one year from 1 January 2020 to 31 December 2020. Save for the renewal of the term of the agreement, the principal terms of the renewed Operation and Management Services (Huamei Holding) Framework Agreement shall remain the same as the original Operation and Management Services (Huamei Holding) Framework Agreement (including the calculation of the management fees).

Historical figures

The historical amount of the management fees paid or payable to the Group under the Operation and Management Services Framework Agreements were approximately US\$13.2 million, US\$7.5 million and US\$6.5 million for the two years ended 31 December 2017, 31 December 2018 and the 10 months ended 31 October 2019, respectively.

REASONS FOR AND BENEFITS OF THE RENEWAL OF THE OPERATION AND MANAGEMENT SERVICES FRAMEWORK AGREEMENTS

The Operation and Management Services Framework Agreements have been entered into as a measure to help the Company monitor the status and performance of some of the existing retained business of the CGN Group and, therefore, help mitigate the concern of the potential competition. By providing the services under the Operation and Management Services Framework Agreements, the Group would have some degree of control and involvement in the managed projects which will enable the Group to understand and monitor these projects. This will in turn help the Company assess whether it would make commercial sense to exercise the right granted by CGN under the non-competition deed executed by CGN to acquire these projects and when it would be an appropriate time to do so.

The Directors (including independent non-executive Directors) consider that the terms of the renewed Operation and Management Services Framework Agreements are on normal commercial terms and in the ordinary and usual course of business of the Company, and together with the annual cap thereunder, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

ANNUAL CAP

As the nature of the services to be provided under the Operation and Management Services Framework Agreements and the other O&M Transactions are similar, the Annual Cap for the management fees payable under the Operation and Management Services Framework Agreements and the Other O&M Transactions shall be aggregated pursuant to Rule 14A.81 of the Listing Rules and as shown below:

**For the
year ending
31 December
2020**
(US\$ million)

Aggregate fees payable by the service recipients to the service providers under the Operation and Management Services Framework Agreements and the Other O&M Transactions	29.74
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Basis of the Annual Cap

In arriving at the Annual Cap for the Operation and Management Services Framework Agreements, the Company considered the following factors:

- (i) the gross installed capacity, commercial operation date and the expected installed capacity of the relevant power projects to be managed under the Operation and Management Services Framework Agreements;
- (ii) CGN Energy's and Huamei Holding's interest in each of the relevant power projects;
- (iii) the historical and estimated costs and expenses, including staff costs, general and administrative expenses and overheads, for the operation of the relevant power projects; and
- (iv) the historical aggregate management fees paid or payable under the Operation and Management Services Framework Agreements.

INFORMATION ON THE 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 and a steam project in the PRC and Korea.

CGN Energy

CGN Energy is a company established under the laws of the PRC and is principally engaged in investment holding. CGN Energy is a direct wholly-owned subsidiary of CGN.

Huamei Holding

Huamei Holding is a company incorporated under the laws of Bermuda and is principally engaged in investment holding. Huamei Holding is a wholly-owned subsidiary of CGN.

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 project.

APPROVAL BY THE BOARD

None of the Directors has a material interest in the Operation and Management Services Framework 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 renewal of the Operation and Management Services Framework Agreements and the Annual Cap.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CGN Energy and Huamei Holding are subsidiaries of CGN, and CGN is the controlling shareholder of the Company indirectly holding approximately 72.95% of the issued share capital of the Company. Therefore, CGN, CGN Energy and Huamei Holding are connected persons of the Company under the Listing Rules and the transactions contemplated under the Operation and Management Services Framework Agreements constitute continuing connected transactions of the Company.

Given that one or more of the applicable percentage ratios in relation to the Annual Cap are, on an annual and aggregate basis, more than 0.1% but all are less than 5%, the continuing connected transactions contemplated under the Operation and Management Services Framework Agreements are exempted from Shareholders' approval requirement but are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 29 December 2016 in relation to the Operation and Management Services Framework Agreements
“Annual Cap”	the annual cap amount in respect of the transactions contemplated under the Operation and Management Services Framework Agreements and the Other O&M Transactions for the year ending 31 December 2020
“Board”	the board of directors of the Company
“CGN”	China General Nuclear Power Corporation (中國廣核集團有限公司), a controlling shareholder of the Company indirectly holding approximately 72.95% of the issued share capital in the Company as at the date of this announcement

“CGN Energy”	CGN Energy Development Co., Ltd (中廣核能源開發有限公司), a company established under the laws of the PRC, a direct wholly-owned subsidiary of CGN
“CGN Group”	CGN and its subsidiaries, excluding the Group
“CGN Solar Energy”	CGN Solar Energy Development Co., Ltd. (中廣核太陽能開發有限公司), a company established in the PRC and a wholly-owned subsidiary of CGN
“CGN Wind Energy”	CGN Wind Power Company Limited (中廣核風電有限公司), a company established in the PRC and a wholly-owned subsidiary of CGN
“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”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huamei Holding”	Huamei Holding Company Limited, a company established under the laws of Bermuda, a wholly-owned subsidiary of CGN
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Operation and Management Services Framework Agreements”	collectively, the Operation and Management Services (CGN Energy) Framework Agreement and the Operation and Management Services (Huamei Holding) Framework Agreement

“Operation and Management Services (CGN Energy) Framework Agreement”	the framework agreement dated 20 August 2014 between the Company and CGN Energy for the provision of operation and management services by the Company to CGN Energy in respect of projects that CGN Energy has interest, the details of the renewal of this agreement were set out in the announcement of the Company dated 29 December 2016
“Operation and Management Services (Huamei Holding) Framework Agreement”	the framework agreement dated 15 September 2014 between the Company and Huamei Holding for the provision of operation and management services by the Company to Huamei Holding in respect of projects that Huamei Holding has interest, the details of the renewal of this agreement were set out in the announcement of the Company dated 29 December 2016
“Operation and Management Services (Solar Energy) Framework Agreement”	the framework agreement dated 17 June 2015 between the Company and CGN Solar Energy for the provision of operation and management services by the Group to power projects in which CGN Solar Energy has interest, the details of the renewal of this agreement were set out in the announcement of the Company dated 10 November 2017
“Operation and Management Services (Wind Energy) Framework Agreement”	the framework agreement dated 17 June 2015 between the Company and CGN Wind Energy for the provision of operation and management services by the Group to power projects in which CGN Wind Energy has interest, the details of the renewal of this agreement were set out in the announcement of the Company dated 10 November 2017
“Other O&M Transactions”	the transactions under the Operation and Management Services (Solar Energy) Framework Agreement and the Operation and Management Services (Wind Energy) Framework Agreement
“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. Yao Wei and Mr. Xing Ping.
“PBOC”	the People’s Bank of China

“PRC”	The People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“Shareholder(s)”	registered holder(s) of the share(s) of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 4 December 2019

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

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