Gram Capital Limited
嘉林資本有限公司

15 September 2026

*To: The independent board committee and the independent shareholders of CGN New Energy Holdings Co., Ltd.**

Dear Sirs,

MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION IN RELATION TO DEPOSIT SERVICES

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 deposit services provided by the Service Providers to the Group as contemplated under the Financial Services Framework Agreements (the "**Deposit Services**"), details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 15 September 2026 issued by the Company to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter, as the Existing Financial Services Framework Agreements are due to expire on 31 December 2026, on 26 August 2026, the Company and the Service Providers entered into the Financial Services Framework Agreements, respectively, pursuant to which the Service Providers conditionally agree to provide the Deposit Services and other financial services to the Group.

With reference to the Board Letter, CGN is the controlling shareholder indirectly holding approximately 72.30% of the issued share capital of the Company. CGNPC Huasheng and CGN Finance (i.e., the Service Providers) are subsidiaries of CGN, and are therefore connected persons of the Company under the Listing Rules. Accordingly, the Deposit Services constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Since the highest of the applicable percentage ratios in relation to the Annual Caps exceeds 25% but is less than 100%, the Deposit Services also constitute major transaction of the Company under Chapter 14 of the Listing Rules.

The Independent Board Committee comprising Mr. Wang Minhao, Mr. Yang Xiaosheng and Mr. Leung Chi Ching Frederick (all being independent non-executive Directors) has been established to advise the Independent Shareholders in respect of the Deposit Services. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

We were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services provided by Gram Capital to the Company relating to any transaction of the Company with executed agreement, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Company's management (the "**Management**"). We have assumed that all information and representations that have been provided by the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Management's representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Deposit Services. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

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The 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 regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the 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 therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Service Providers or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Deposit Services. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Deposit Services, we have taken into consideration the following principal factors and reasons:

Information on the Company

With reference to the Board Letter, the Company is a diversified independent power producer in terms of fuel type and geography, with a portfolio of assets comprising wind, solar, gas-fired, coal-fired, oil-fired, hydro and biomass power generation projects and an energy storage project in the PRC and Korea.

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Information on the Service Providers

With reference to the Board Letter:

(i) 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 and the 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.

(ii) 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 and the Group in the PRC. CGN Finance is a non-banking financial institution subject to the regulations of the People's Bank of China and the National Financial Regulatory Administration in the PRC.

(iii) CGN is the controlling shareholder indirectly holding approximately 72.30% of the issued share capital of the Company. CGNPC Huasheng and CGN Finance (i.e., the Service Providers) are subsidiaries of CGN, and are therefore connected persons of the Company under the Listing Rules.

Reasons for and benefits of the Deposit Services

With reference to the Board Letter, through years of cooperation, CGN Finance and CGNPC Huasheng have become familiar with the Group's capital structure, business operations, funding needs, cash flow pattern, cash management and the overall financial administrative system, which enables them to render more expedient, efficient and flexible services to the Group than independent commercial banks and financial institutions. The Group is expected to benefit from CGN Finance's and CGNPC Huasheng's familiarity of the Group's industry and operations while earning interests no less favourable than placing the same with other commercial banks for the same type and term of deposit placed with CGN Finance and/or CGNPC Huasheng.

Upon our enquiry, the Management also advised that the benefits of entering into the Financial Services Framework Agreements include:

a. More transparent fund flows: Pooling funds into CGNPC Huasheng and CGN Finance ensures complete account visibility, traceable cash flows, and dynamic monitoring, thereby mitigating the risk of fund misappropriation, enhancing the Company's capital control and strengthening fund security;

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b. More efficient and convenient settlement: In contrast to external banking and financial institutions, transferring funds through CGNPC Huasheng and CGN Finance enables instantaneous settlement. It also streamlines cross-bank remittances, minimises transit times, accelerates capital turnover, and reduces operational costs; and

c. Services tailored to the business of the Group: With their deep roots in the Group's industries, CGNPC Huasheng and CGN Finance have become deeply familiar with the business needs and operational conditions of the Group. They can provide customised financial services with greater flexibility than external banking and financial institutions.

Having considered the above, we are of the view that the Deposit Services are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

Principal terms of the Deposit Services:

Summarised below are the principal terms of the Deposit Services under (a) the Financial Services (CGNPC Huasheng) Framework Agreement; and (b) the Financial Services (CGN Finance) Framework Agreement, details of which are set out under the Board Letter.

(a) Financial Services (CGNPC Huasheng) Framework Agreement

Date of agreement

26 August 2026

Parties

1. The Company, as a service receiver; and

2. CGNPC Huasheng, as Service Provider

Duration

Commencing from the Effective Date and ending on 31 December 2029, and is subject to early termination by agreement between the parties.

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Principal Terms

Pursuant to the Financial Services (CGNPC Huasheng) Framework Agreement, CGNPC Huasheng may accept deposits from the Group at an interest rate not less than (i) the listed deposit rates for similar deposits offered by major independent third party commercial banks to the Group; and (ii) the deposit rates offered by CGNPC Huasheng to other overseas members of CGN Group for similar deposits. As CGNPC Huasheng is not licensed to take deposits, such deposit arrangements between the Group and CGNPC Huasheng will be arranged through independent 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) in the name of CGNPC Huasheng. The fund so deposited will be primarily used for the purpose of coordinating and implementing the fund allocation, loans and other related supporting matters for the Group.

For our due diligence purpose, we obtained from the Company lists of deposit balances regarding the deposits placed by members of the Group with the CGNPC Huasheng as at 31 December 2024, as at 31 December 2025 and as at 30 June 2026. We randomly selected a deposit balance from the aforesaid list as at 31 December 2024, as at 31 December 2025 and as at 30 June 2026 (three deposit balances selected in total). For each selected deposit balance, the Company provided us with (i) a deposit record regarding deposit placed by the member of the Group with the CGNPC Huasheng during the relevant period, which set out the applicable interest rate; and (ii) comparison among such applicable interest rate and the interest rates offered by three independent major commercial banks in Hong Kong for the relevant period. As the random sampling basis could facilitate an objective assessment and the above sampling scope covered two financial years and latest interim period of the Group, we consider the above sampling to be sufficient from the Independent Financial Adviser's perspective. We noted from the aforesaid documents that the interest rates offered by the CGNPC Huasheng were not less than those offered by three independent major commercial banks in Hong Kong (we also consider the number of compared banks to be sufficient for deposit transactions).

(b) Financial Services (CGN Finance) Framework Agreement

Date of agreement

26 August 2026

Parties

1. The Company, as service receiver; and

2. CGN Finance, as Service Provider

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Duration

Commencing from the Effective Date and ending on 31 December 2029, and is subject to early termination by agreement between the parties.

Principal Terms

Pursuant to the Financial Services (CGN Finance) Framework Agreement, CGN Finance may accept deposits from the Group at an interest rate not less than (i) the listed interest rates of the Big Four Commercial Banks for the same type and duration; and (ii) the deposit interest rate for the same type and duration as may be offered by CGN Finance to other domestic members of CGN Group. The deposit placing company within the Group will open and maintain depository accounts with CGN Finance for placing deposit. The fund so deposited will be primarily used for the purpose of coordinating and implementing the fund allocation, loans and other related supporting matters for the Group.

For our due diligence purpose, we obtained from the Company lists of deposit balances regarding the deposits placed by members of the Group with the CGN Finance as at 31 December 2024, as at 31 December 2025 and as at 30 June 2026. We randomly selected a deposit balance from the aforesaid list as at 31 December 2024, as at 31 December 2025 and as at 30 June 2026 (three deposit balances selected in total). For each selected deposit balance, the Company provided us with (i) a deposit record regarding deposit placed by the member of the Group with the CGN Finance during the relevant period, which set out the applicable interest rate; and (ii) comparison among such applicable interest rate and the interest rates offered by Big Four Commercial Banks (four in total) for the relevant period. As the random sampling basis could facilitate an objective assessment and the above sampling scope covered two financial years and latest interim period of the Group, we consider the above sampling to be sufficient from the Independent Financial Adviser's perspective. We noted from the aforesaid documents that the interest rates offered by the CGN Finance were not less than those offered by Big Four Commercial Banks (we also consider the number of compared banks to be sufficient for deposit transaction).

Fund monitoring and internal control measures

With reference to the Board Letter, in order to safeguard the interests of the Group, each of the Financial Services Framework Agreements provides for the fund monitoring measures as set out under the section headed "Fund Monitoring Measures" of the Board Letter. In addition, the Group will implement the internal control measures as set out under the section headed "Internal Control Measures" of the Board Letter. We consider that the effective implementation of the aforementioned internal control measures will facilitate fair interest rates determination for the Deposit Services.

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Annual caps for the Deposit Services

The table below set out (i) the maximum daily outstanding balance of deposits placed by the Group with the Service Providers for the period from the effective date of the Existing Financial Services Framework Agreements (i.e., 23 May 2024) to 30 June 2026, with corresponding Annual Caps; and (ii) proposed Annual Caps for the period commencing from the Effective Date and ending 31 December 2029:

	For the period from the effective date of the Existing Financial Services Framework Agreements (i.e., 23 May 2024) to 31 December 2024	**For the year ended 31 December 2025**	**For the six months ended 30 June 2026 ("1H2026")**
	US$ million	*US$ million*	*US$ million*
Maximum deposit balance (CGNPC Huasheng)	169	74	14
Existing Annual Caps (CGNPC Huasheng)	260	80	80*(Note)*
Utilisation rates	65.0%	92.5%	17.5%
Maximum deposit balance (CGN Finance)	312	358	214
Existing Annual Caps (CGN Finance)	540	750	790*(Note)*
Utilisation rates	57.8%	47.7%	27.1%

Note: The existing Annual Cap for the year ending 31 December 2026.

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	For the year ending 31 December 2027	For the year ending 31 December 2028	For the year ending 31 December 2029
	US$ million	*US$ million*	*US$ million*
Proposed Annual Caps (CGNPC Huasheng)	270	270	270
Proposed Annual Caps (CGN Finance)	800	800	800

With reference to the Board Letter, in determining the proposed Annual Caps for the three years ending 31 December 2029, the Company considered the factors as set out under the section headed "Annual Caps" of the Board Letter.

For our due diligence purpose, we obtained the calculation of the proposed Annual Caps from the Company (the "**Annual Caps Calculation**").

Based on the Annual Caps Calculation:

(i) The Annual Cap for CGNPC Huasheng of US$270 million per annum was formulated based on (a) the Group's maximum deposit balance placed with CGNPC Huasheng (i.e. approximately US$169 million) during the period from 23 May 2024 (being the effective date of the Existing Financial Services Framework Agreements) to 30 June 2026; (b) addition of US$84 million for re-financing activities; and (c) a top-up buffer of approximately US$17 million.

Historical maximum deposit balance

After our discussion with the Company, we understood that (a) the historical maximum deposit balance placed with CGNPC Huasheng (i.e. approximately US$169 million) mainly comprised cash drawn from external loan and loans provided by CGNPC Huasheng; and (b) obtaining borrowings is a recurring practice under the ordinary and usual course of business of the Group.

We noted from the Group's consolidated cash flow statement contained in the Company's annual report for the year ended 31 December 2025 (the "**2025 Annual Report**") that (a) new bank borrowings raised (contributed to cash generated from financing activities) were approximately US$1,345 million during the year ended 31 December 2024 ("**FY2024**") and approximately US$1,560 million during the year ended 31 December 2025 ("**FY2025**"); and (b) loans from fellow subsidiaries (contributed to cash generated from financing activities) were approximately US$801 million during FY2024 and approximately US$273 million for FY2025.

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Given the recurring nature of obtaining borrowings under the ordinary and usual course of business of the Group, we consider that it is prudent for the Company to form the base of the Annual Cap for CGNPC Huasheng by adopting the historical maximum deposit balance placed with CGNPC Huasheng.

We noted that the Group's historical maximum deposit balance placed with CGNPC Huasheng for FY2025 and 1H2026 dropped to US$74 million and US$14 million respectively. With reference to the Board Letter and as advised by the Directors, although multiple debts matured and required loans and refinancing and the proceeds of such refinancing which were initially planned to be deposited with CGNPC Huasheng, the substantial amount of such debts (around US$150 million) exceeded the annual cap, and therefore, such transactions were not carried out with and the related refinancing proceeds were not placed with the CGNPC Huasheng. Given the above, we consider that the drop in the Group's historical maximum deposit balance placed with CGNPC Huasheng for FY2025 and 1H2026 does not affect the reasonableness of adopting the Group's historical maximum deposit balance placed with CGNPC Huasheng for FY2024 to form the base of the Annual Caps for CGNPC Huasheng.

Re-financing activities

Upon our enquiry, the Management advised us that the Group has a loan obtained from independent third party bank which will fall due in July 2027 (the "**Loan due 2027**"). The Group intends to re-finance the Loan due 2027 by external loan or loan to be obtained from CGNPC Huasheng with term of one year when it fall due in July 2027, and further re-finance such new loans obtained every year during the period ending 31 December 2029. As an internal practice and to facilitate centralised treasury management, cash drawn by tranches from external loan or loan to be obtained from CGNPC Huasheng during the re-finance process will be centralised and deposited with CGNPC Huasheng before utilising for repayment of the existing loans. Accordingly, the Group's deposit balance placed with CGNPC Huasheng would be increased during re-finance process for existing loans.

For our due diligence purpose, we obtained from the Company the historical record regarding the deposit balance placed with CGNPC Huasheng during the re-finance process of the loans with aggregated amount comparable to the Loan due 2027 and noted that such deposit balance increased by approximately US$60 million to US$100 million during the re-finance process (mainly resulted from temporary deposit of cash drawn by tranches from external loan). Given the above, we consider that it is reasonable for the Company to incorporate addition of US$84 million in the Annual Cap for CGNPC Huasheng to cater for re-financing activities to be conducted in 2027, 2028 and 2029 (i.e. drawing cash by tranches from external loan or loan to be obtained from CGNPC Huasheng, deposit such cash with CGNPC Huasheng and repay existing loan(s) subsequently).

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Buffer

We noted that the top-up buffer of approximately US$17 million represents approximately 6% of the Annual Cap for CGNPC Huasheng per annum. We also noted from other Hong Kong listed companies' circulars regarding continuing connected transactions that the incorporation of buffer of 10% or less in the proposed annual caps is not uncommon. Therefore, we consider the buffer of less than 10% to be reasonable.

(ii) The Annual Cap for CGN Finance of US$800 million per annum was formulated based on (a) the Group's maximum deposit balance placed with CGN Finance (i.e. approximately US$358 million) during the period from 23 May 2024 (being the effective date of the Existing Financial Services Framework Agreements) to 30 June 2026; (b) addition of US$400 million for financing activities in respect of the Group's development projects; and (c) a top-up buffer of approximately US$42 million.

Historical maximum deposit balance

After our discussion with the Company, we understood that the historical maximum deposit balance placed with CGN Finance (i.e. approximately US$358 million) mainly comprised cash generated from the Group's business development and operation under its ordinary and usual course of business (including subsidy received from government authorities as tariff income (i.e. around US$150 million) and cash drawn from loan provided by fellow subsidiary for business development and daily operation (i.e. around US$165 million)).

According to the 2025 Annual Report, the Group's trade receivables balance as at 31 December 2025 included debtors with aggregate carrying amount of approximately US$719 million (as at 31 December 2024: approximately US$749 million) from tariff income receivables. These receivables were tariff income receivables from relevant PRC government authorities. The collection of tariff income receivables is subject to settlement by state grid companies upon finalization of the allocation of funds by relevant PRC government authorities to the state grid companies. As advised by the Directors, such tariff income receivables are usually received in tranches with substantial amount (e.g. over US$100 million), which may substantially increase the Group's deposit balance.

As aforementioned, the Group's loans from fellow subsidiaries (contributed to cash generated from financing activities) were approximately US$801 million during FY2024 and approximately US$273 million for FY2025.

Given the recurring nature of the activities contributed to the historical maximum deposit balance placed with CGN Finance, we consider that it is prudent for the Company to adopt the same to form the base of the Annual Cap for CGN Finance.

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Debt-financing for capital expenditure

Upon our enquiry, the Management advised us that the Group expects part of the capital expenditure of the Group's development projects to be carried out during each of the three years ending 31 December 2029 to be funded by debt-financing. As an internal practice and to facilitate centralised treasury management, the fund raised from debt-financing is expected to be deposited with CGN Finance before application to specific projects. Accordingly, the Company incorporated addition of US$400 million in the Annual Cap for CGN Finance to cater for such funding arrangement. Given that, pursuant to the Financial Services (CGN Finance) Framework Agreement, CGN Finance may accept deposits from the Group at an interest rate not less than (i) the listed interest rates of the Big Four Commercial Banks for the same type and duration; and (ii) the deposit interest rate for the same type and duration as may be offered by CGN Finance to other domestic members of CGN Group, we consider the deposit of fund raised from debt-financing with CGN Finance before utilisation to be justifiable.

We noted from the 2025 Annual Report that the Group's capital expenditure was approximately US$888.0 million for FY2024 and approximately US$713.8 million for FY2025.

For our due diligence purpose, we also obtained from the Company a potential project list which set out potential development projects to be carried out by the Group during the three years ending 31 December 2029 and their preliminary investment budgets (with estimated amount of debt financing). We noted from the list and preliminary investment budgets that the potential debt financing to be obtained for such potential development projects during the three years ending 31 December 2029 is approximately US$400 million per annum.

Given the above, we do not doubt the reasonableness of the aforesaid addition of US$400 million in the Annual Cap for CGN Finance.

Buffer

We noted that the top-up buffer of approximately US$42 million represents approximately 5% of the Annual Cap for CGN Finance per annum. We also noted from other Hong Kong listed companies' circulars regarding continuing connected transactions that the incorporation of buffer of 10% or less in the proposed annual caps is not uncommon. Therefore, we consider the buffer of less than 10% to be reasonable.

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Having considered the above, we are of the view that the proposed Annual Caps for the three years ending 31 December 2029 are fair and reasonable.

Shareholders should note that as the proposed Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2029, and they do not represent forecasts of cash level of the Group. Consequently, we express no opinion as to how closely the actual cash level of the Group will correspond with the proposed Annual Caps.

In light of the above, we are of the view that the terms of the Deposit Services (including the proposed Annual Caps for the three years ending 31 December 2029) are on normal commercial terms and are fair and reasonable.

III. LISTING RULES IMPLICATION

The Management confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the maximum daily balance of deposits placed by the Group with the Service Providers must be restricted by their respective annual caps; (ii) the terms of the Deposit Services must be reviewed by the independent non-executive Directors annually; and (iii) details of the independent non-executive Directors' annual review on the terms of the Deposit Services must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Deposit Services (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the Deposit Services; and (iii) have exceeded their respective annual caps. In the event that the proposed annual caps are anticipated to be exceeded, or that there are any proposed material amendments to the terms of the Deposit Services, as confirmed by the Management, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules by the Company, we are of the view that there are adequate measures in place to monitor the Deposit Services (together with their respective annual caps) and hence the interest of the Independent Shareholders would be safeguarded.

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RECOMMENDATIONS

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Deposit Services (including their respective proposed annual caps) are on normal commercial terms and fair and reasonable; and (ii) the Deposit Services are conducted under the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the Special General Meeting to approve the Deposit Services and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited

Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.

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