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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)**

## **Discloseable Transaction Engineering, Procurement and Construction (EPC) Contract**

### **THE EPC CONTRACT**

On 25 January 2024 (after trading hours), Rudong New Energy, a wholly owned subsidiary of the Company, as Employer, entered into the EPC Contract with China Energy Engineering Jiangsu, as Contractor, pursuant to which Rudong New Energy agreed to engage China Energy Engineering Jiangsu to carry out the Construction Work. The Contract Price payable by Rudong New Energy under the EPC Contract is approximately RMB544.9 million (inclusive of tax).

### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the transactions contemplated under the EPC Contract exceeds 5% but is less than 25%, the EPC Contract constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **THE EPC CONTRACT**

A summary of the principal terms of the EPC Contract is set out below:

<b>Date</b>	25 January 2024
<b>Parties</b>	(1) Rudong New Energy (as Employer) (2) China Energy Engineering Jiangsu (as Contractor)

<b>Subject matter</b>	<p>China Energy Engineering Jiangsu shall be appointed as the contractor to carry out the Construction Work.</p> <p>The scope of the Construction Work includes the design, engineering, procurement, construction and construction management of the Jiangsu Rudong Storage Station Project.</p> <p>The Jiangsu Rudong Storage Station Project will have a storage capacity of 200MW/400MWh.</p>
<b>Contract price</b>	<p>The Contract Price payable by the Employer to the Contractor under the EPC Contract shall amount to approximately RMB544.9 million (inclusive of tax), which comprises the followings:</p> <ol style="list-style-type: none"> <li>(1) Survey and design fees (inclusive of tax) of approximately RMB5.8 million;</li> <li>(2) Equipment procurement fees (inclusive of tax) of approximately RMB424.3 million. Such amount comprises: <ol style="list-style-type: none"> <li>(a) conventional equipment fees (inclusive of tax) of approximately RMB38.3 million; and</li> <li>(b) energy storage system equipment fees (inclusive of tax) of approximately RMB386.0 million;</li> </ol> </li> <li>(3) Construction and installation engineering fees (inclusive of tax) of approximately RMB111.5 million; and</li> <li>(4) Other service fees (inclusive of tax) of approximately RMB3.2 million.</li> </ol>
<b>Expected construction period</b>	<p>The Construction Work will commence upon the written notice from the supervisor entrusted by the Employer and complete within 125 days thereafter.</p>

**Payment terms and  
schedule**

**(1) Advance payment**

Subject to the Employer's receipt and acceptance of the Contractor's performance guarantee, the Employer shall pay the Contractor an advance payment of ten per cent (10%) of the aggregate of the survey and design fees, construction and installation engineering fees and other services fees within 30 days thereafter.

**(2) Progress payment**

***(a) Survey and design fees:***

- (i) After completion of the final draft of the preliminary design drawings, the Employer shall pay the Contractor forty per cent (40%) of the survey and design fees;
- (ii) After the completion of all the construction drawings, the Employer shall pay the Contractor thirty per cent (30%) of the survey and design fees;
- (iii) After the completion of all the as-built drawings, the Employer shall pay the Contractor seventeen per cent (17%) of the survey and design fees; and
- (iv) After the end of quality assurance period, the Employer shall pay the Contractor three per cent (3%) of the survey and design fees.

Each amount is payable to the Contractor within 30 days after receipt and acceptance by the Employer of relevant work acceptance forms, payment applications, tax invoices, receipts and other requested documents.

**(b) *Equipment procurement fees:***

- (i) Conventional equipment (other than energy storage system equipment): seventy per cent (70%) upon arrival, twenty per cent (20%) upon preliminary acceptance and ten per cent (10%) as quality assurance fee upon final acceptance, in each case payable to the Contractor within 30 days after receipt and acceptance by the Employer of payment applications, tax invoices, receipts and other requested documents.
- (ii) Energy storage system equipment: ten per cent (10%) as advance fee after receiving performance guarantee, forty per cent (40%) as payment for raw materials, twenty per cent (20%) upon arrival of equipment, twenty per cent (20%) upon preliminary acceptance and ten per cent (10%) as quality assurance fee after 180 days of the preliminary acceptance and receipt of quality assurance guarantee, in each case payable to the Contractor within 30 days after receipt and acceptance by the Employer of payment applications, tax invoices, receipts and other requested documents.

**(c) *Construction and installation engineering fees:***

- (i) Progress payment: up to seventy-seven per cent (77%) of the construction and installation engineering fees of each month is payable to the Contractor within 30 days after verification by the supervising engineer on the progress payment application for such month and receipt by the Employer of the construction acceptance form issued by the supervising engineer and the corresponding tax invoices, receipts and other requested documents. When the total amount paid (including any advance payment and progress payment) reaches eighty-seven per cent (87%) of the construction and installation engineering fees, the Employer shall stop making progress payments.

- (ii) Quality assurance fees: the Employer shall pay the Contractor three per cent (3%) of the construction and installation engineering fees within 14 days after the end of the quality assurance period.

**(d) Other service fees:**

Other service fees refer to general contracting service fees, training fees, handling fees and other management service fees.

The Employer shall pay the Contractor fifty per cent (50%) of the other service fees after the completion of the final settlement of the Jiangsu Rudong Storage Station Project. The remaining portion of the other service fees shall be paid after fulfilling corresponding legal and compliance procedures.

The Contractor shall provide documents of proof of work progress to the Employer for each payment. The Employer shall pay the corresponding amount to the Contractor within 30 days after receipt and verification of the relevant documents.

## **BASIS OF DETERMINATION OF THE CONTRACT PRICE**

The Contract Price was determined through open tendering and with reference to (1) the Construction Work, (2) the various services required by the Employer in respect of the Construction Work, and (3) the prevailing market rate for carrying out the Construction Work, which the Board considers to be fair and reasonable.

The EPC Contract was entered into through the Company's standard tender process with reference to the Contractor's technical experience, professional qualifications, business reputation, financial condition, response of the Contractor during tender process, plan of construction, project management abilities, etc.

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE EPC CONTRACT**

The Jiangsu Rudong Storage Station Project is located in the Rudong Economic Development Zone, Nantong City, Jiangsu Province, the PRC. The estimated land area of the project is approximately 56.19 mu.

The Jiangsu Rudong Storage Station Project is the Group's first large-scale shared energy storage project and the largest standalone electrochemical energy storage project developed by the Group in the East China region. Its scale also exceeds any standalone electrochemical energy storage project developed by CGN in the East China region. The project is located in an area where the electricity consumption load is relatively concentrated with high and stable demand for peak regulation in the electricity market, making it suitable for the development of shared energy storage.

Once the Jiangsu Rudong Storage Station Project is in operation, it will enhance the operational security of the power grid in the Rudong Economic Development Zone and increase the capacity for accommodating local renewable energy projects. The Jiangsu Rudong Storage Station Project will address the need for energy storage of the Group's renewable energy generation project(s) in Jiangsu Province.

Any unutilized capacity will also be available for lease to other power generation companies and hence generate an anticipated average annual leasing income of approximately RMB63 million (inclusive of VAT) during the project's lifetime.

Further, the Jiangsu Rudong Storage Station Project has been included in the Jiangsu Province's power plan and is therefore eligible for selling electricity in its auxiliary electricity market and governmental policy on electricity price subsidies. It is expected that, provided that the Jiangsu Rudong Storage Station Project remains eligible for such electricity price subsidy policy, the average annual income from selling electricity in Jiangsu Province's auxiliary electricity market will be approximately RMB45 million (inclusive of VAT) until 2026.

Based on the foregoing, the Board is of the view that entering into the EPC Contract and implementing the transactions contemplated thereunder in order to complete the Jiangsu Rudong Storage Station Project would not only increase the energy storage capacity of the Group, but also facilitate the further development of the Group's business in energy storage projects, and are therefore in line with the Group's long-term development strategy and the interests of the Shareholders as a whole. The Directors have confirmed that the terms of the EPC Contract 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 the Shareholders as a whole.

## **FINANCIAL EFFECTS OF THE EPC CONTRACT**

As a result of entering into the EPC Contract, the property, plant and equipment of the Group will be increased by approximately RMB486.3 million and the liabilities of the Group will be increased by approximately RMB365.1 million. The overall effects of entering into the EPC Contract on the future earnings of the Group will depend on the return to be generated from the operation of the Jiangsu Rudong Storage Station Project.

## **INFORMATION ON THE RELEVANT PARTIES TO THE EPC CONTRACT**

### **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.

### **Rudong New Energy**

Rudong New Energy is a wholly owned subsidiary of the Company incorporated in the PRC. Rudong New Energy is principally engaged in the management and operation of the Jiangsu Rudong Storage Station Project.

### **China Energy Engineering Jiangsu**

To the best knowledge, information and belief of the Directors, China Energy Engineering Jiangsu, the Contractor under the EPC Contract, is a subsidiary of China Energy Engineering Corporation Limited\* (中國能源建設股份有限公司), which is in turn a company dually listed on the Stock Exchange (stock code: 3996) and the Shanghai Stock Exchange (stock code: 601868) and principally engaged in civil engineering and construction.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, China Energy Engineering Jiangsu and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company as at the date of this announcement.

## **LISTING RULES IMPLICATIONS**

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## FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical fact are forward-looking statements which include, by way of example and without limitation, statements containing the words “anticipate”, “anticipated”, “believe”, “estimate”, “expect”, “expected”, “intend”, “goal”, “may”, “might”, “plan”, “predict”, “project”, “seek”, “target”, “potential”, “will”, “would”, “could”, “should”, “continue”, and similar expressions. These statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Company’s control, that may cause the actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. The Company anticipates that subsequent events and developments may cause its views to change. While the Company may elect to update these forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so, except as required by law.

## DEFINITIONS

“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 indirectly holding approximately 72.33% of the issued share capital in the Company as at the date of this announcement
“China Energy Engineering Jiangsu” or “Contractor”	China Energy Engineering Group Jiangsu No. 1 Electric Power Construction Co., Ltd. * (中國能源建設集團江蘇省電力建設第一工程有限公司), a company established in the PRC
“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)

“Contract Price”	the consideration payable by the Employer to the Contractor under the EPC Contract which is the total amount of (1) survey and design fees; (2) equipment procurement fees; (3) construction and installation engineering fees; and (4) other service fees in accordance with the EPC Contract
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Construction Work”	all works performed by the Contractor and its subcontractor for the design, engineering, procurement, construction and construction management of the Jiangsu Rudong Storage Station Project
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Directors”	directors of the Company
“EPC Contract”	the engineering, procurement and construction contract dated 25 January 2024 entered into between the Employer and the Contractor for the Construction Work
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Jiangsu Rudong Storage Station Project”	the power storage station located in Nantong City, Jiangsu Province, the PRC and related structures and facilities to be designed, engineered, procured, constructed, installed, tested, commissioned, completed and rectified under the EPC Contract
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“mu”	a unit of land area, one mu equal to approximately 666.667 square meters
“MW”	megawatt, or one million watts

“MWh”	megawatt-hour, or one million watt-hours, which measures the amount of energy that would be produced by a generator producing one million watts per hour
“percentage ratio(s)”	has the meaning ascribed to it under Rule 14.04(9) of the Listing Rules
“PRC”	the People’s Republic of China, but for the purposes of this announcement and for geographical reference only and except when the context requires, references in this announcement 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 New Energy” or “Employer”	Rudong Lu Nuclear New Energy Co., Ltd.* (如東鷺核新能源有限公司), a wholly owned subsidiary of the Company incorporated in the PRC
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company
“Shareholders”	registered holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

\* *for identification purpose only*

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

Hong Kong, 25 January 2024

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

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

*Non-executive Directors* : *Mr. Chen Xinguo and  
Mr. Liu Qingming*

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