
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in CGN Power Co., Ltd.*, you should at once hand this circular together with the enclosed form of proxy and reply slip to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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CGN Power Co., Ltd. *
中國廣核電力股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1816)

- (1) Report of the Board of Directors for the year 2020**
- (2) Report of the Supervisory Committee for the year 2020**
- (3) Annual Report for the year 2020**
- (4) Audited Financial Report for the year 2020**
- (5) Profit Distribution Plan for the year 2020**
- (6) Dividend Distribution Plan for the Coming Five Years (2021-2025)**
- (7) Investment Plan and Capital Expenditure Budget for the year 2021**
- (8) Re-appointment of Financial Report Auditor for the year 2021**
- (9) Appointment of Internal Control Auditor for the year 2021**
- (10) Appointment of a Non-executive Director**
- (11) Remuneration of Directors and Supervisors for the year 2021**
- (12) Major Transactions and Continuing Connected Transactions – 2021-2023 Financial Services Framework Agreement**
- (13) Application for Unified Registration of Multi-type Debt Financing Instruments**
- (14) General Mandate to Issue Shares**
- (15) General Mandate to Repurchase Shares**
- And**
- (16) Notices of 2020 Annual General Meeting and the 2021 First H Shareholders' Class Meeting**

Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders



A letter from the Board is set out on pages 7 to 37 of this circular.

The Company is scheduled to convene the AGM at 2:30 p.m. on Wednesday, May 26, 2021 at Room 401, South Tower, CGN Building, No. 2002 Shennan Road, Shenzhen, Guangdong Province, the PRC, and the H Shareholders' Class Meeting after the conclusion or adjournment of the AGM (whichever is the later), and the A Shareholders' Class Meeting immediately after the conclusion or adjournment of the H Shareholders' Class Meeting (whichever is the later). The notices of the AGM and H Shareholders' Class Meeting are set out on pages V-I to VI-3 of this circular.

Whether or not you are able to attend and vote at the AGM and/or the H Shareholders' Class Meeting, you are requested to complete and return (i) the accompanying reply slip in accordance with the instructions printed thereon on or before Wednesday, May 5, 2021 to the H Share Registrar; and (ii) the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 24 hours before the time appointed for convening the AGM and/or the H Shareholders' Class Meeting or any adjournment thereof (as the case may be) to the H Share Registrar. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM and/or the H Shareholders' Class Meeting or any adjournment should you so wish.

In light of the current requirements for the prevention and control of pandemic arising from the Novel Coronavirus (COVID-19), to safeguard health and safety of the Shareholders and the participants of the meetings as far as possible, while safeguarding the legal rights of the Shareholders under the laws, H Shareholders are advised to preferably appoint the chairman of the meeting as their proxies who will vote on the relevant resolutions on their behalf at the AGM and/or H Shareholders' Class Meeting rather than attending the AGM and/or H Shareholders' Class Meeting in person.

* For identification purpose only

April 9, 2021

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PANDEMIC PREVENTION AND CONTROL ARRANGEMENTS FOR THE GENERAL MEETING

In light of the current requirements for the prevention and control of the Pandemic, to safeguard health and safety of the Shareholders and the participants of the meetings as far as possible, while safeguarding the legal rights of the Shareholders under the laws, the Company's reminders on the special arrangements and the notices in relation to the general meeting are made as follows:

Shareholders are advised to give preference to attend the general meeting through online voting or voting by proxy

To minimize group gatherings, safeguard the health of the Shareholders and reduce public health risks and personal infection risks, the Company advises the Shareholders to give preference to attend the general meeting through online voting or voting by proxy.

A Shareholders may attend the general meeting through online voting as described in the notice of the general meeting of the Company as published on the Shenzhen Stock Exchange.

H Shareholders may appoint the chairman of the meeting as their proxies who will vote on the relevant resolutions on their behalf at the general meeting rather than attending the general meeting in person.

If you have any question about matters to be considered at the general meeting, you may send them to the investor relations mailbox of the Company via IR@cgnpc.com.cn. The Company will answer the questions on a timely basis.

Pre-registration is required for attending the on-site general meeting

In light of the actual conditions of the venue of the general meeting and the current arrangements for the prevention and control of the Pandemic, the total number of Shareholders (or their proxies) who may attend the on-site general meeting in person shall not exceed 50. Shareholders who will attend the meeting shall complete pre-registration procedures and meet the requirements regarding the prevention and control of the Pandemic in Shenzhen. The relevant pre-registration procedures are as follows:

Shareholders who wish to attend the on-site meeting in person and their proxies must submit the information required for attending the meeting, which shall include but not limited to the name of the Shareholder, number of shares held, securities account, business license number or identity card number, the location of the participant and means of contact, to the contact person of the Company for the purpose of the meeting via email or other means (see p. VII-1 to this circular) no later than 5:00 p.m. on May 21, 2021. The Shareholders should also provide information such as their health conditions and recent travel records, to confirm that there is no circumstance making them unsuitable to attend the meeting and facilitate preparatory work for on-site health management and protective measures by our personnel. The Shareholders who have successfully completed the registration procedures will receive a confirmation from the Company via email or other means.

PANDEMIC PREVENTION AND CONTROL ARRANGEMENTS FOR THE GENERAL MEETING

To minimize the potential risks arising from attending the general meeting, Shareholders who are elderly, persons with illness or persons not suitable to attend group activities are not encouraged to attend the general meeting in person.

Shareholders attending the general meeting are advised to strictly comply with the relevant regulations and requirements regarding the prevention and control of the Pandemic in Shenzhen

The venue of the general meeting is located in Shenzhen, Guangdong Province, the PRC. Shareholders attending the meeting shall pay early attention to and comply with the relevant regulations and requirements during the period of prevention and control of the Pandemic in Shenzhen. The Company will also strictly comply with the requirements regarding the prevention and control of the Pandemic stipulated by the competent government departments, and take the following prevention measures to the Shareholders attending the meeting, their proxies and any person entering the venue of the general meeting to safeguard the personal safety of the persons at the general meeting, which shall include but not limited to:

- I. Compulsory measurement of body temperatures;
- II. Wearing a surgical mask as required for the prevention and control of the Pandemic;
- III. Completion of pre-registration; and
- IV. Presentation of a travel record code, a health code or other personal information (if any).

Persons failing to comply with these prevention measures, having symptoms of fever and having a body temperature higher than that stipulated by the government of Shenzhen and shall be quarantined will not be able to enter the venue of the general meeting. Persons attending the on-site meetings of the general meeting shall be admitted on a “first-come-first-served” basis, so as to keep the number of persons at the venue of the general meeting within the reasonable cap as far as possible. The Company will also adopt protection measures at the venue as necessary and in light of the actual conditions of the venue to safeguard the interest and personal safety of the Shareholders in accordance with requirements under relevant laws and regulations and requirements stipulated by government departments.

Persons attending the on-site general meeting should follow the arrangements to be made by the personnel, keep a safe distance and enter and leave the venue in an orderly manner. Upon entering the venue, all participants are required to sit no less than one meter from each other and wear their own masks during the meeting.

Persons who wish to attend the general meeting are reminded to prepare for personal protection on the way to the meeting.

DEFINITIONS

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

“A Shareholder(s)”	holder(s) of A Shares
“A Shareholders’ Class Meeting”	the 2021 first A Shareholders’ class meeting of the Company to be held on Wednesday, May 26, 2021
“A Shares”	ordinary shares issued by the Company and denominated in RMB with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange
“AGM” or “2020 AGM”	the 2020 annual general meeting of the Company to be held at 2:30 p.m. on Wednesday, May 26, 2021 at Room 401, South Tower, CGN Building, No. 2002 Shennan Road, Shenzhen, Guangdong Province, the PRC
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Audit and Risk Management Committee”	the audit and risk management committee of the Board
“Big Four Commercial Banks”	Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China and Bank of China
“Board” or “Board of Directors”	the board of Directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission
“CGN”	China General Nuclear Power Corporation* (中國廣核集團有限公司), a state-owned enterprise established in the PRC on September 29, 1994 and the controlling shareholder and promoter of the Company, and thus a connected person of the Company, with 90% of its equity interest held by the SASAC and 10% by Guangdong Hengjian Investment Holdings Co., Ltd.* (廣東恒健投資控股有限公司)

DEFINITIONS

“CGN Engineering”	China Nuclear Power Engineering Co., Ltd.* (中廣核工程有限公司), a limited liability company established in the PRC on November 11, 1997, and a wholly-owned subsidiary of the Company
“CGN Finance”	CGN Finance Co., Ltd.* (中廣核財務有限責任公司), a limited liability company established in the PRC on July 22, 1997. CGN Finance is held as to 66.66% by CGN, 30% by China Nuclear Power Engineering Co., Ltd.* (中廣核工程有限公司) (a wholly-owned subsidiary of the Company), and 3.34% by CGN Services Group Co., Ltd.* (中廣核服務集團有限公司) (a wholly-owned subsidiary of CGN), and thus a connected person of the Company
“CGN Group”	CGN and its subsidiaries (unless specified otherwise, excluding the Group), collectively
“Chairman”	the chairman of the Board
“Company”	CGN Power Co., Ltd.* (中國廣核電力股份有限公司), a joint stock company with limited liability established in the PRC on March 25, 2014, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1816), and the A Shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 003816)
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“continuing connected transaction(s)”	individually or collectively, the partially-exempt continuing connected transactions and the non-exempt continuing connected transactions
“controlling shareholder”	has the meaning ascribed thereto under the Hong Kong Listing Rules, as at the Latest Practicable Date, it refers to CGN
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company

DEFINITIONS

“Financial Service Providers under CGN”	relevant companies under CGN Group which provide financial services to the Group, mainly include a subsidiary (CGN Finance) which is a non-bank financial institution and other companies which provide financial services (such as CGNPC Huasheng Investment Limited* (中廣核華盛投資有限公司) and CGNPC International Financial Leasing Co., Ltd.* (中廣核國際融資租賃有限公司))
“Group” or “us”	the Company and its subsidiaries
“H Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange and subscribed for and traded in Hong Kong dollars
“H Shareholder(s)”	holder(s) of H Shares
“H Shareholders’ Class Meeting”	the 2021 first H Shareholders’ class meeting of the Company to be held on Wednesday, May 26, 2021
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended and supplemented from time to time
“Hong Kong Stock Connect”	investors entrusting mainland securities companies to report to the Hong Kong Stock Exchange through a securities trading service company established by the Shenzhen Stock Exchange and the Shanghai Stock Exchange in Hong Kong to buy and sell stocks listed on the Hong Kong Stock Exchange within the scope of Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Independent Board Committee”	the independent board committee constituted by Mr. Li Fuyou, Mr. Yang Jiayi and Mr. Xia Ceming, for the purpose of providing advice to the Independent Shareholders in respect of the terms of the 2021-2023 Financial Services Framework Agreement and the proposed annual caps
“Independent Financial Advisor”	TC Capital International Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO (Chapter 571 of the Laws of Hong Kong) and the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders in respect of deposit services and loan services under the 2021-2023 Financial Services Framework Agreement (including the proposed annual caps)
“Independent Shareholders”	Shareholders other than CGN Group and its associates
“Independent Third Party(ies)”	persons which are not connected with any Directors, Supervisors, the chief executive or the substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Issue Mandate”	Shareholders are advised to grant a general mandate to the Board at the AGM to issue shares at any time within the period specified by the relevant special resolution contained in the notice of AGM no more than 20% of the issued shares of the Company on the date on which the relevant special resolution of the Company was passed
“KPMG”	KPMG Huazhen LLP
“Latest Practicable Date”	April 1, 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Nomination Committee”	the nomination committee of the Board
“Pandemic”	the pandemic arising from the Novel Coronavirus (COVID-19)
“PBOC”	the People’s Bank of China (中國人民銀行)

DEFINITIONS

“PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan region
“Procedural Rules of the Board of Directors ”	the procedural rules of the Board
“Remuneration Committee”	the remuneration committee of the Board
“Repurchase Mandate”	under the restrictions of the proposed AGM, A Shareholders’ Class Meeting and H Shareholders’ Class Meeting to approve the Repurchase Mandate by way of proposed special resolutions, respectively, the general mandate to authorize the Board to exercise the power to repurchase H shares and/or A Shares of the Company not exceeding 10% of the total issued share capital of H Shares and/or A Shares of the Company on the date on which the above special resolution of the Company was passed
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended and supplemented from time to time
“Shanghai-Hong Kong Stock Connect”	an abbreviation for the Shanghai-Hong Kong Stock Market Trading Interconnection Mechanism
“Share(s)”	A Shares and H Shares
“Shareholder(s)”	shareholder(s) of the Company
“Shenzhen-Hong Kong Stock Connect”	an abbreviation of Shenzhen-Hong Kong Stock Market Trading Interconnection Mechanism

DEFINITIONS

“Shenzhen Stock Connect”	investors entrusting Hong Kong brokers to report to the Shenzhen Stock Exchange through a securities trading service company established by the Hong Kong Stock Exchange in Shenzhen to buy and sell stocks listed on the Shenzhen Stock Exchange within the scope of Shenzhen-Hong Kong Stock Connect
“subsidiary(ies)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Supervisor(s)”	supervisors of the Company
“Supervisory Committee”	the supervisory committee of the Company
“2021-2023 Financial Services Framework Agreement”	the financial services framework agreement entered into between the Company and CGN on March 18, 2021
“%”	per cent

The English names of the PRC entities in this circular are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail. For any inconsistency between the English and Chinese versions of the appendices in this circular, the Chinese version shall prevail.

LETTER FROM THE BOARD



CGN Power Co., Ltd. *
中國廣核電力股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1816)

Executive Director:

Mr. Gao Ligang
Mr. Jiang Dajin

Registered Office and Headquarters in the PRC:

18/F, South Tower, CGN Building,
No. 2002 Shennan Road,
Shenzhen, Guangdong Province,
The PRC

Non-executive Directors:

Mr. Yang Changli (*Chairman*)
Mr. Shi Bing
Mr. Gu Jian

Principal Place of Business in Hong Kong:

31/F, Tower Two Times Square
1 Matheson Street

Independent non-executive Directors:

Mr. Li Fuyou
Mr. Yang Jiayi
Mr. Xia Ceming

Causeway Bay
Hong Kong

Dear Shareholders,

- (1) Report of the Board of Directors for the year 2020
- (2) Report of the Supervisory Committee for the year 2020
- (3) Annual Report for the year 2020
- (4) Audited Financial Report for the year 2020
- (5) Profit Distribution Plan for the year 2020
- (6) Dividend Distribution Plan for the Coming Five Years (2021-2025)
- (7) Investment Plan and Capital Expenditure Budget for the year 2021
- (8) Re-appointment of Financial Report Auditor for the year 2021
- (9) Appointment of Internal Control Auditor for the year 2021
- (10) Appointment of a Non-executive Director
- (11) Remuneration of Directors and Supervisors for the year 2021
- (12) Major Transactions and Continuing Connected Transactions –
2021-2023 Financial Services Framework Agreement
- (13) Application for Unified Registration of Multi-type Debt Financing Instruments
- (14) Grant of the General Mandate to Issue Shares
- (15) Grant of the General Mandate to Repurchase Shares
And
- (16) Notices of 2020 Annual General Meeting and the 2021 First H Shareholders'
Class Meeting

I. INTRODUCTION

The Company intends to hold the AGM, H Shareholders' Class Meeting and A Shareholders' Class Meeting at 2:30 p.m. on Wednesday, May 26, 2021 at Room 401, South Tower, CGN Building, No. 2002 Shennan Road, Shenzhen, Guangdong Province, the PRC. The notices to convene the AGM and the H Shareholders' Class Meeting have been dispatched on April 9, 2021, and are set out on pages V-1 to VI-3 of this circular.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with details of the AGM and H Shareholders' Class Meeting and resolutions to be proposed for Shareholders to consider and approve as ordinary resolutions or special resolution, as the case may be, at the AGM and H Shareholders' Class Meeting and provide all reasonably required information to enable you to make an informed decision on whether to vote for or against or abstain from voting at those resolutions. Such resolutions and details are set out in sections III to IV of this letter from the Board.

II. MATTERS TO BE RESOLVED AT THE AGM

Ordinary Resolutions

Part I:

1. To consider and approve the report of the Board of Directors for the year 2020
2. To consider and approve the report of the Supervisory Committee for the year 2020
3. To consider and approve the annual report for the year 2020
4. To consider and approve the audited financial report for the year 2020
5. To consider and approve the profit distribution plan for the year 2020
6. To consider and approve the dividend distribution plan for the coming five years (2021-2025)
7. To consider and approve the investment plan and capital expenditure budget for the year 2021
8. To consider and approve the re-appointment of financial report auditor for the year 2021
9. To consider and approve the appointment of internal control auditor for the year 2021
10. To consider and approve the appointment of a non-executive Director
11. To consider and approve the remuneration of Directors and Supervisors for the year 2021

Part II

12. To consider and approve the major transactions and continuing connected transactions – 2021-2023 Financial Services Framework Agreement

LETTER FROM THE BOARD

Special Resolutions

13. To consider and approve the application for unified registration of multi-type debt financing instruments
14. To consider and approve the grant of the general mandate to issue Shares
15. To consider and approve the grant of the general mandate to repurchase Shares

III. ORDINARY RESOLUTIONS

1. To consider and approve the report of the Board of Directors for the year 2020

According to the Articles of Association, the Board of Directors has prepared the report of the Board of Directors for the year 2020, and its main contents include business performance, asset conditions, corporate governance, financial assistance and guarantee, share capital and interest of the Company.

The report was considered and approved by the Board of Directors at the 5th meeting of the third session of the Board of the Directors. The full text of the report is included in the annual report for the year 2020 dispatched by the Company on April 9, 2021, and the published electronic file of the annual report is also available on the Company's website or the HKEXnews website of the Hong Kong Stock Exchange.

According to the Articles of Association, an ordinary resolution will be proposed by the Board of Directors at the AGM to approve the report of the Board of Directors for the year 2020.

2. To consider and approve the report of the Supervisory Committee for the year 2020

According to the Articles of Association, the Supervisory Committee has prepared the report of the Supervisory Committee for the year 2020, and its main contents include the summary of work of the Supervisory Committee for the year.

The report was considered and approved by the Supervisory Committee at the 5th meeting of the third session of the Supervisory Committee. The full text of the report is included in the annual report for the year 2020 dispatched by the Company on April 9, 2021, and the published electronic file of the annual report is also available at the Company's website or the HKEXnews website of the Hong Kong Stock Exchange.

According to the Articles of Association, an ordinary resolution will be proposed by the Supervisory Committee at the AGM to approve the report of the Supervisory Committee for the year 2020.

LETTER FROM THE BOARD

3. To consider and approve the annual report for the year 2020

According to the Articles of Association, the Company has prepared the annual report for the year 2020.

The report was considered and approved by the Board of Directors at the 5th meeting of the third session of the Board of Directors, and dispatched on April 9, 2021, where the published electronic file of the annual report is also available at the Company's website or the HKEXnews website of the Hong Kong Stock Exchange.

According to the Articles of Association, an ordinary resolution will be proposed by the Board of Directors at the AGM to approve the annual report for the year 2020.

4. To consider and approve the audited financial report for the year 2020

The financial report of the Company for the year ended December 31, 2020 prepared in accordance with the China Accounting Standards for Business Enterprises has been audited by KPMG and considered and approved by the Board of Directors at the 5th meeting of the third session of the Board of Directors. The full text of the report is included in the annual report for the year 2020 dispatched by the Company on April 9, 2021, and the published electronic document of the annual report is also available on the Company's website or the HKEXnews website of the Hong Kong Stock Exchange.

According to the Articles of Association, an ordinary resolution will be proposed by the Board of Directors at the AGM to approve the audited annual financial report of the Company for the year ended December 31, 2020 prepared in accordance with the China Accounting Standards for Business Enterprises.

5. To consider and approve the profit distribution plan for the year 2020

The Board recommends the payment of a final dividend of RMB0.080 (tax inclusive) per Share for the year 2020 to the Shareholders as of the record date for dividend distribution (the record date). The ratio of final dividend distribution for the year is based on the consideration of various factors including the business performance of the Company for the year 2020.

The profit distribution plan has been considered and approved at the 5th meeting of the third session of the Board of Directors.

If the proposed profit distribution plan is approved by the Shareholders at the AGM, the distributable dividend will be distributed in cash on or about July 8, 2021 to the Shareholders whose names appear on the register of members of the Company on June 6, 2021 (the record date). The cash dividend for 2020 is denominated and declared in RMB, with a dividend per Share of RMB0.080 (tax inclusive).

LETTER FROM THE BOARD

The dividends shall be paid by the Company to the holders of A Shares in RMB and the holders of H Shares in Hong Kong dollars but denominated in RMB. The exchange rate of RMB into Hong Kong dollar shall be calculated based on the arithmetic mean of the medians of the exchange rates of Hong Kong dollar into RMB published by PBOC five working days from and inclusive of the date on which the AGM of the Company is convened.

Closure of Register of Members for H Shareholders to receive the dividend:

The register of members of the Company in respect of the H Shares will be closed from June 1, 2021 to June 6, 2021 (both days inclusive). In order to qualify for the dividend, H Shareholders shall lodge the transfer documents accompanied by the relevant share certificates with the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, Hopewell Center, No. 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on May 31, 2021.

The Company will determine the country of domicile of the individual H Shareholders based on the registered address of the individual H Shareholders as recorded in the H share register of members of the Company on June 6, 2021. Where the residency of any individual H Shareholders is inconsistent with the registered address, they shall notify, and submit the relevant proof to, the H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Center, No. 183 Queen's Road East, Wan Chai, Hong Kong, before 4:30 p.m. on May 31, 2021. The Company disclaims any responsibility arising from any claims due to H Shareholders whose residency are not confirmed timely or accurately or any disputes with regard to the tax withholding systems.

Arrangement on withholding tax:

(1) Withholding and Payment of Corporate Income Tax for Overseas Non-resident Enterprise Shareholders

According to the Corporate Income Tax Law of the People's Republic of China and the relevant implementation rules which came into effect on January 1, 2008, the Company is required to withhold corporate income tax at the rate of 10% before distributing dividends to non-resident enterprise shareholders whose names appear on the register of members of the H shares of the Company. Any H Shares registered in the name of non-individual H Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore the dividends will be subject to the withholding and payment of the corporate income tax. Should any H Shareholder wish to change its shareholder status, please consult your agent or trust institution over the relevant procedures. The Company will withhold payment of the corporate income tax strictly in accordance with the relevant laws or requirements of the relevant government authorities and strictly based on what has been registered on the Company's register of H Shareholders on the record date.

LETTER FROM THE BOARD

(2) Withholding and Payment of Individual Income Tax for Overseas Individual Shareholders

According to Guo Shui Han [2011] No. 348 (國稅函[2011]348號) issued by the State Administration of Taxation of the People's Republic of China, for individual H Shareholders, the Company shall withhold and pay individual income tax for the dividend; individual H Shareholders may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries in which they are domiciled and the tax arrangements between Mainland China and Hong Kong (Macau). The Company shall withhold and pay individual income tax at the rate of 10% on behalf of the individual H Shareholders (who are Hong Kong residents, Macau residents or residents of those countries having treaties with the PRC on individual income tax rate of 10% on dividends). For foreign individual investors who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises or individuals may apply to the competent tax authorities for the entitlement of the rate under such tax treaty on their own, and upon approval by the tax authorities, the difference between the amount of tax paid and the amount of tax payable by such enterprises or individuals under such tax treaty will be refunded. For individual H Shareholders who are residents of those countries having agreements with the PRC for individual income tax rates in respect of a dividend of higher than 10% but lower than 20%, the Company would withhold the individual income tax at the agreed effective tax rate. For individual H Shareholders who are residents of those countries without any taxation agreement with the PRC or having agreements with the PRC for individual income tax in respect of a dividend of 20% and in other situations, the Company would withhold the individual income tax at a tax rate of 20%.

The Company will determine the country of domicile of the individual H Shareholders based on the registered address of the individual H Shareholders as recorded in the H share register of members of the Company on June 6, 2021. Where the residency of any individual H Shareholders is inconsistent with the registered address, they shall notify, and submit the relevant proof to, the H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Center, No. 183 Queen's Road East, Wan Chai, Hong Kong, before 4:30 p.m. on May 31, 2021. The Company disclaims any responsibility arising from any claims due to H Shareholders whose residency are not confirmed timely or accurately or any disputes with regard to the tax withholding systems.

(3) Profit Distribution for Investors of Shenzhen Stock Connect

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in Shenzhen Stock Connect, their dividends will be distributed in RMB by the Company through China Securities Depository and Clearing Corporation Limited to the account of the nominee holding such shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to competent tax authorities for the withholding.

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For investors of Shenzhen Stock Connect who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may apply to the competent tax authorities for the entitlement of the rate under such tax treaty by themselves. Upon approval by the competent tax authorities, the paid amount in excess of the tax payable based on the tax rate under such tax treaty will be refunded.

The record date and the date of distribution of cash dividends and other arrangements for the investors of Shenzhen Stock Connect will be the same as those for the A Shareholders of the Company.

(4) Profit Distribution for Investors of Hong Kong Stock Connect

For investors of the Shanghai Stock Exchange or the Shenzhen Stock Exchange (including enterprises and individuals) investing in Hong Kong Stock Connect, the Company has entered into the Agreement on Distribution of Cash Dividends of H Shares for Hong Kong Stock Connect with China Securities Depository and Clearing Corporation Limited, pursuant to which, China Securities Depository and Clearing Corporation Limited, as the nominee of the H Shareholders for Hong Kong Stock Connect, will receive all dividends distributed by the Company and distribute the dividends to the relevant investors of H Shares of Hong Kong Stock Connect through its depository and clearing system. Dividends for the investors of H Shares of Hong Kong Stock Connect will be paid in RMB.

Pursuant to the relevant requirements of the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅)[2016]127號》), for dividends received by Shanghai-Hong Kong Stock Connect investors and Shanghai-Hong Kong Stock Connect investors from investing in H shares listed on the Hong Kong Stock Exchange, the H-share company shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. For dividends derived by mainland resident enterprises, there will be no withholding tax payable by the H-share company, and these enterprises are liable for tax reporting and payment.

The record date and the date of appropriation of cash dividends and other arrangements for the investors of Hong Kong Stock Connect will be the same as those for the H Shareholders.

According to the Articles of Association, an ordinary resolution will be proposed by the Board of Directors at the AGM to approve the profit distribution plan of the Company.

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6. To consider and approve the dividend distribution plan for the coming five years (2021-2025)

The dividend distribution plan for the three years after the offering and listing of A shares was approved at the general meeting of the Company in April 2018. The profit distribution policy of the Company upon listing was set out in the Articles of Association and the A-share prospectus. According to the requirements of formulation cycle of the dividend distribution plan in the above plan that “the Company should review its dividend distribution plan at least once every three years”, the Company has formulated the dividend distribution plan for the coming five years (2021-2025), so as to further enhance the transparency of cash dividends and provide investors with stable dividend returns.

The above dividend distribution plan for the coming five years (2021-2025) was considered and approved by the Board of Directors at the 5th meeting of the third session of the Board of the Directors, and the full text of the proposal is included in Appendix I to this circular.

According to the Articles of Association, an ordinary resolution will be proposed by the Board of Directors at the AGM to approve the dividend distribution plan of the Company for the coming five years (2021-2025).

7. To consider and approve the investment plan and capital expenditure budget for the year 2021

According to the Articles of Association, the Company has formulated its investment plan and capital expenditure budget for the year 2021.

In accordance with its strategies and needs for business development and in order to secure a stable operation of nuclear power stations in operation and engineering construction of nuclear power units under construction, the Company plans to invest a total amount of RMB23,060 million in the year 2021. In particular, the investment in fixed assets of RMB20,860 million will be applied to technological transformation of nuclear power stations in operation, construction investment of nuclear power stations under construction, development of nuclear power preliminary projects, investment in scientific research and development and information construction. In addition, equity investment of RMB200.0 million will be applied to the capital contribution into nuclear power plants under construction, and acquisition of potential and contingent projects. Moreover, the reserve of RMB2,000.0 million was made to respond to the market changes and handle contingencies. For more information relating to nuclear power stations in operation and nuclear power stations under construction, please refer to the sections headed “Business Performance and Analysis”, “Future Outlook” and “Production Capital” in the annual report for the year 2020 dispatched by the Company on April 9, 2021, and the published electronic document of the annual report is also available on the Company’s website or the HKEXnews website of the Hong Kong Stock Exchange.

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This investment plan and capital expenditure budget were considered and approved by the Board of Directors at the 4th meeting of the third session of the Board of Directors. According to the Articles of Association, an ordinary resolution will be proposed by the Board of Directors at the AGM to approve this investment plan and capital expenditure budget for the year 2021.

8. To consider and approve the re-appointment of financial report auditor for the year 2021

The proposal that KPMG as the financial report auditor of the Company for the year 2020 and would hold office until the conclusion of the 2020 AGM was considered and approved at the 15th meeting of the second session of the Board of Directors and approved at the 2019 annual general meeting of the Company.

According to the Articles of Association and the proposal made by the Audit and Risk Management Committee, the Company intends to re-appoint KPMG as its financial report auditor for the year 2021, who will hold office until the conclusion of the annual general meeting of the Company for the year 2021, and authorize the Board to determine its remuneration based on the actual works performed.

The above proposal regarding the re-appointment of financial report auditor for the year 2021 was considered and approved at the 5th meeting of the third session of the Board of Directors, and the independent non-executive Directors of the Company have also issued an independent opinion on the proposal regarding the re-appointment of financial report auditor for the year 2021.

Pursuant to the Articles of Association, an ordinary resolution will be proposed by the Board of Directors at the AGM to approve the re-appointment of KPMG as the financial report auditor of the Company for the year 2021.

9. To consider and approve the appointment of internal control auditor for the year 2021

The proposal that KPMG as the internal control auditor of the Company for the year 2020 and would hold office until the conclusion of the 2020 AGM was considered and approved at the 15th meeting of the second session of the Board of Directors and approved at the 2019 annual general meeting of the Company.

During the process of audit service for internal control, KPMG adhered to the principle of independent audit, reflected the internal controls of the Company objectively and fairly, practically fulfilled its due responsibilities as an auditor, and issued opinion with standard clean audit opinion on the 2020 auditors' report on the internal control of the Company. Pursuant to the needs of the Company and after careful consideration and the proposal made by the audit and risk management committee of the Board, the Company intends to appoint Pan-China Certified Public Accountants LLP as its internal control auditor for the year 2021, who will hold office until the conclusion of the annual general meeting of the Company for the year 2021, and authorize the Board to determine its remuneration based on the actual works performed.

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The Company has communicated in advance with KPMG on the matter of replacing the internal control auditor, and obtained its understanding and support. KPMG has been aware of such matter and confirmed it has no objection. The Board expressed its sincere gratitude to KPMG for their past contribution on the audit service for internal control of the Company.

The above proposal regarding the appointment of internal control auditor for the year 2021 was considered and approved at the 5th meeting of the third session of the Board of Directors, and the independent non-executive Directors of the Company have also issued an independent opinion on the proposal regarding the appointment of internal control auditor for the year 2021.

Pursuant to the Articles of Association, an ordinary resolution will be proposed by the Board of Directors at the AGM to approve the appointment of Pan-China Certified Public Accountants LLP as the internal control auditor of the Company for the year 2021.

10. To consider and approve the appointment of a non-executive Director

Reference is made to the announcement of the Company dated March 18, 2021 in relation to the election of a non-executive Director. The proposed appointment of Mr. Li Mingliang as a non-executive Director of the third session of the Board of Directors was considered and approved by the Board of Directors of the Company on March 18, 2021.

The Nomination Committee has evaluated Mr. Li Mingliang's qualification and made an agreed recommendation to the Board. The independent non-executive Directors have also issued an independent opinion on Mr. Li Mingliang's qualification.

The term of office of Mr. Li Mingliang shall become effective on the date of his qualification as a non-executive Director was approved at the AGM and shall hold office until the expiry of the term of the third session of the Board. The Company will enter into a service contract with Mr. Li Mingliang for the same period as the term of the non-executive Directors.

Meanwhile, the Board has also approved Mr. Li Mingliang to serve as a member of the Remuneration Committee and the nuclear safety committee of the third session of the Board of Directors from the date of this resolution was approved at the AGM. The above terms of office will be in line with terms of office of relevant committees.

Details of the Director which is required to be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules are set out below:

Mr. Li Mingliang, born in 1964, obtained a master degree and is a senior engineer (professor-level). Mr. Li Mingliang has over 30 years of experience in the power industry. He served as the deputy general manager of Guangdong Yudean Group Co., Ltd. (廣東省粵電集團有限公司) from November 2010 to January 2015; and a director and the deputy general manager of Guangdong Energy Group Co., Ltd. (廣東省能源集團有限公司) from January 2015 to December 2019. Since December 2019, he has served as the deputy secretary of the party committee, a director and the general manager of Guangdong Hengjian Investment Holdings Co., Ltd. (廣東恒健投資控股有限公司).

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As at the Latest Practicable Date, save as disclosed above, Mr. Li Mingliang has confirmed that he: (i) does not have any relationship with any directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company or its subsidiaries; (ii) does not hold any other position in the Company or its subsidiaries and did not hold any directorship or supervisorship in any other companies listed in Hong Kong or overseas in the last three years; (iii) does not have or is not deemed to have any interests in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO; and (iv) there is no other matter with respect to his appointment that needs to be brought to the attention of the Shareholders or the Hong Kong Stock Exchange or that is required to be disclosed pursuant to Rules 13.51 (2)(h) to (v) of the Hong Kong Listing Rules.

11. To consider and approve the remuneration of Directors and Supervisors for the year 2021

The Company formulated remuneration packages of Directors of the third session of the Board of Directors and Supervisors of the third session of the Supervisory Committee as follows:

Name	Position	Remuneration proposal
Yang Changli	Chairman and non-executive Director	To be paid by CGN instead of the Company
Gao Ligang	Executive Director and President	To be paid by the Company in compliance with the standards determined by SASAC
Jiang Dajin	Executive Director and Vice-President	To be paid by the Company in accordance with the remuneration management system of the Company
Shi Bing	Non-executive Director	To be paid by CGN instead of the Company
Wang Wei ^{Note}	Non-executive Director	To be paid by Guangdong Hengjian Investment Holdings Co., Ltd. instead of the Company
Li Mingliang	Non-executive Director candidate	To be paid by Guangdong Hengjian Investment Holdings Co., Ltd. instead of the Company

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Name	Position	Remuneration proposal
Gu Jian	Non-executive Director	To be paid by China National Nuclear Corporation (中國核工業集團有限公司) instead of the Company
Li Fuyou	Independent non-executive Director	RMB60,000 per year
Yang Jiayi	Independent non-executive Director	RMB60,000 per year
Xia Ceming	Independent non-executive Director	RMB60,000 per year
Chen Sui	Chairman of the Supervisory Committee and non-employee representative Supervisor	To be paid by CGN instead of the Company
Hu Yaoqi	Non-employee representative Supervisor	To be paid by Guangdong Hengjian Investment Holdings Co., Ltd. instead of the Company
Zhang Baishan	Non-employee representative Supervisor	To be paid by China National Nuclear Corporation instead of the Company
Zhu Hui	Employee representative Supervisor	To be paid by the Company in accordance with the remuneration management system of the Company
Wang Hongxin	Employee representative Supervisor	To be paid by the Company in accordance with the remuneration management system of the Company

Note: Mr. Wang Wei resigned as a non-executive Director of the third session of the Board of Directors of the Company on February 25, 2021.

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In addition, the Board also proposed to approve the remuneration packages of Mr. Li Mingliang, the non-executive director candidate for the third session of the Board, at the AGM. The approval of the remuneration matters of Mr. Li Mingliang is subject to the approval at the AGM as a non-executive Director of the third session of the Board. If the appointments were not approved by the AGM as scheduled, the relevant voting on the remuneration matters will be invalid.

The aforesaid remuneration plan shall be implemented in accordance with the actual performance time of the Directors and the Supervisors of the Company. Among them, Mr. Wang Wei resigned as a non-executive Director of the third session of the Board of Directors of the Company on February 25, 2021.

The above pre-tax remunerations include salaries, discretionary bonus, retirement benefit scheme contributions and other allowances. The above remunerations also include remunerations for holding concurrent positions of professional committees, and no additional meeting allowances would be paid for participating in Board meetings, supervisory meetings or professional committee meetings.

The above remuneration proposal has been considered and approved by the Remuneration Committee and passed at the 5th meeting of the third session of the Board. When the Remuneration Committee and the Board took a vote on the above remuneration proposal after consideration, the relevant Directors abstained from voting on matters which conflicted with their interests.

Pursuant to the Articles of Association, an ordinary resolution will be proposed by the Board of Directors at the AGM to approve the above remuneration proposal.

Part II

12. To consider and approve the major transactions and continuing connected transactions – 2021-2023 Financial Services Framework Agreement

Background

The Company entered into the financial services framework agreement with CGN on November 21, 2014, and completed the renewals with CGN on March 18, 2015 and March 8, 2018, respectively. As a continuation of the 2018 Financial Services Framework Agreement, the Company entered into the 2021-2023 Financial Services Framework Agreement with CGN on March 18, 2021.

The 2021-2023 Financial Services Framework Agreement will be valid and effective from December 10, 2021 to December 31, 2023. Separate contracts will be entered into between relevant entities of both parties to formulate the specific terms and conditions pursuant to the principles provided in the above agreements.

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Reference is made to the announcement of the Company dated March 18, 2021 in relation to the major transactions and the continuing connected transactions, which announced that the Board had considered and approved the resolution on entering into the 2021-2023 Financial Services Framework Agreement with CGN on March 18, 2021, which is submitted at the 2020 AGM for the Independent Shareholders' consideration and approval. CGN Group will abstain from voting on the ordinary resolution in relation to the 2021-2023 Financial Services Framework Agreement at the 2020 AGM.

Reasons and benefits for the transactions

- (1) The Group is expected to benefit from the CGN Group's familiarity of the Group's industry and operations. Through years of cooperation, Financial Service Providers under CGN have become familiar with the Group's capital structure, business operations, funding needs, cash flow pattern, cash management and the overall financial administrative system of the Group, which enable them to render more expedient, efficient and flexible services to the Group than the Big Four Commercial Banks and independent financial institutions in the PRC.
- (2) The Financial Service Providers under CGN are able to provide loans to the Group on a fast-track basis with simplified and streamlined approval, drawdown and repayment procedures. When the Group is faced with urgent business and operational needs, the Financial Service Providers under CGN are well positioned to provide the Group with short-term funding support in a timely and efficient manner. Moreover, the interest rates applicable to the loans provided by the Financial Service Providers under CGN to us are no less favorable than those available from the Big Four Commercial Banks or independent financial institutions.
- (3) Pursuant to the General Provisions of Loans (《貸款通則》) issued by the PBOC and with the supervision of the CBIRC, loans can only be provided by authorized institutions with relevant operational permits and licenses and as approved and supervised by the relevant PRC authorities. Historically, the Group had been engaging the Financial Service Providers under CGN to provide entrustment loan services to the Group on terms no less favorable than those available from the Big Four Commercial Banks or independent financial institutions.
- (4) The 2021-2023 Financial Services Framework Agreement does not prevent the Group from using services provided by other commercial banks or independent financial institutions in the PRC. The Group retains discretion to make its selection according to its business needs as well as the fees and quality of such services. The Group may (but is not obliged to) utilize the financial services provided by the Financial Service Providers under CGN to deploy and manage its financial resources flexibly and efficiently. The procurement of financial services provided by the Financial Service Providers under CGN is carried out in the Group's ordinary and usual course of business.

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Pricing policy

After arm's length negotiations between the Company and CGN, pursuant to the 2021-2023 Financial Services Framework Agreement, the financial services shall be provided in accordance with the following pricing principles:

- (1) The interest rate of the deposits placed by the Group with the Financial Service Providers under CGN will not be lower than (i) the interest rate for deposits of a similar type for the same period placed by other subsidiaries of the CGN Group; and (ii) the interest rate for deposits of a similar type for the same period offered by the Big Four Commercial Banks to the Group.
- (2) The CGN Group provides loans to the Group through the Financial Service Providers under CGN and the interest rate of loans provided by the Financial Service Providers under CGN to the Group shall be determined in accordance with the following conditions: (i) normal commercial terms with no security over the assets of the Group charged in respect of the loans; (ii) no less favorable than the interest rates of comparable loans offered to the Group by independent commercial banks or financial institutions; and (iii) no less favorable than interest rates for the comparable loans provided by the CGN Group to other subsidiaries of the CGN Group through the Financial Service Providers under CGN.
- (3) The service fees for settlement, entrustment loans and other financial services shall not be higher than (i) fees charged by independent commercial banks or financial institutions; and (ii) fees charged to other subsidiaries of the CGN Group for similar services provided by the Financial Service Providers under CGN.

In addition to the aforesaid pricing principles, the following guiding principles shall apply to the financial services contemplated under the 2021-2023 Financial Services Framework Agreement in the following order:

- (1) Government-prescribed price and government-guided price: if at any time, the government-prescribed price is applicable to any particular type of products or services, such product or service shall be supplied at the applicable government-prescribed price. Where a government-guided fee standard is available, the price will be agreed by reference to the government-guided price. Currently, neither an applicable government-prescribed price nor a government-guided price is applicable to the services of the 2021-2023 Financial Services Framework Agreement, but our Company will continue to closely monitor the update of the relevant government-prescribed price and government-guided price, and adopt any of the applicable government-prescribed price and government-guided price, if any, in future;
- (2) Market price: the price of the same or similar products, technology or services provided by an independent third party during the ordinary course of business on normal commercial terms. Currently, the pricing of the services under the 2021-2023 Financial Services Framework Agreement is determined with reference to, and no less favorable than, the relevant interest rate or rate level available from the Big Four Commercial Banks for similar services; and
- (3) Agreed price: the price to be determined by adding a reasonable profit over a reasonable cost.

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Termination

Before the termination of the 2021-2023 Financial Services Framework Agreement, both parties may jointly negotiate for the signing of a new financial services framework agreement to ensure the normal operation of the production operations of both parties under the agreement after the termination of the 2021-2023 Financial Services Framework Agreement.

Historical amounts

(i) The service fees paid by the Group to the CGN Group in respect of settlement, entrustment loans and other financial services; (ii) the maximum daily balance of deposits and interest income of the deposits placed by the Group with the CGN Group; and (iii) the maximum daily balance of the loans provided by the CGN Group to the Group for the three years ended December 31, 2018, 2019 and 2020 are set out below:

	Year Ended December 31, (RMB million)		
	2018	2019	2020
(i) Service fees paid to the CGN Group in relation to settlement, entrustment loans and other financial services ^(Note)	1.80	6.41	5.63
(ii) Maximum daily balance of deposits and interest income of the deposits placed by the Group with the CGN Group	16,472.25	19,133.27	20,101.31
(iii) Maximum daily balance of the loans provided by the CGN Group to the Group	17,328.05	22,437.76	25,305.90

Note: CGN Group provided the loan risk management services to the Group on a free basis from January 1, 2018 to December 31, 2020.

Approximately 73.17%, 93.54% and 98.16% of the Group's deposits was placed with the CGN Group for the years ended December 31, 2018, December 31, 2019 and December 31, 2020 based on the maximum daily balance of deposits for the corresponding periods, while approximately 8.43%, 9.11% and 11.90% of the Group's loans was provided by the CGN Group to the Group for the years ended December 31, 2018, December 31, 2019 and December 31, 2020 based on the maximum daily balance of loans for the corresponding periods.

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Proposed annual caps

The maximum annual amounts from December 10, 2021 to December 31, 2021, the years of 2022 and 2023 shall not exceed the caps as set out in the table below:

	Existing Annual Cap	Proposed Annual Caps <i>(RMB million)</i>		
	2021.01.01- 2021.12.09	2021.12.10- 2021.12.31	2022.01.01- 2022.12.31	2023.01.01- 2023.12.31
(i) Service fees to be paid to the CGN Group in relation to settlement, entrustment loans and other financial services	28.70	3.00	14.00	16.00
(ii) Maximum daily balance of deposits and interest income of the deposits to be placed by the Group with the CGN Group	31,614.00	27,500.00	31,500.00	35,000.00
(iii) Maximum daily balance of the loans to be provided by the CGN Group to the Group ^(Note)	41,130.00	32,500.00	34,000.00	35,500.00

Note: The CGN Group also provides loans and other financial supports to the Group under the 2021-2023 Financial Services Framework Agreement. These transactions are financial supports provided for the listed issuer by connected persons on normal commercial terms or more favorable terms with no security over the assets of the listed issuer. Therefore, pursuant to Rule 14A.90 of the Hong Kong Listing Rules, these transactions are fully exempt from shareholders' approval, annual review and all other disclosure requirements under Chapter 14A of the Hong Kong Listing Rules. In order to inform the Shareholders of the amount expected to be involved in these loans and other financial supports, the Company voluntarily maintains the practice as disclosed in the prospectus by setting annual caps for them and then submitting such proposed annual caps to the Independent Shareholders for approval.

Basis of Caps

- (1) Caps for the financial service fees to be paid to the CGN Group: In determining the proposed annual caps for the service fees in relation to settlement, entrustment loans and other financial services, we have considered, among other factors, (i) with reference to the service fees for entrustment loans for the year ended December 31, 2020; (ii) with reference to the cash settlement handling fees for the year ended December 31, 2020; and (iii) with the innovation of financial service, and the Group's future business demand for the other financial services under the 2021-2023 Financial Services Framework Agreement.

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- (2) Caps for deposits and interest income: In determining the maximum daily balance of deposits and interest income, we have considered, among other factors, (i) the maximum daily balance of cash and cash equivalent of the Group for the year ended December 31, 2020 together with interest income; (ii) the operating cash flow requirements and financial needs of the Group for its operations and future business expansion; and (iii) the expected increase in interest income by placing deposits with CGN Finance on the basis that CGN Finance is under the supervision of the CBIRC and it has been maintaining satisfactory operating results and financial position with good risk control and well-regulated management in order to reduce the potential risks.
- (3) Caps for loans provided by CGN Group to our Group: In determining the maximum daily balance of loans provided by CGN Group to our Group, we have considered, among other factors, (i) the maximum daily balance of loans provided by CGN Group to our Group for the year ended December 31, 2020; (ii) the provision of loans by CGN Group to our Group on normal commercial terms which are similar to or no less favorable than those available from Independent Third Parties for comparable services in the PRC and the Group's expectation that the demand for loan will increase in line with its business development; and (iii) no grant of security over the assets of the Group in respect of such loans.

The proposed annual caps vary from the existing annual caps for the year ended December 31, 2020. In respect of the proposed annual caps for the financial services to be paid to the CGN Group, we have mainly considered: with the innovation of the financial services business, it is expected that the Group will receive a small increase in the related businesses of the industrial chain finance and notes business each year in the future, leading to an increase in the service fees to be paid to CGN Group in respect of the settlement, entrusted loans and other financial services.

In respect of the proposed annual caps for deposits and interest income, we have mainly considered the following factors:

- (a) **electricity sales by existing nuclear power generating units** – the revenue resulting from expected increase in electricity sale by two existing nuclear power generating units according to the development plan approved by the Board for the period from December 10, 2021 to December 31, 2023. Such revenue projection is based on the estimated electricity to be sold by each nuclear power generating unit after considering historical on-grid power generation in 2020, the effect of COVID in 2020 and/or the time taken for refuelling outage in 2020, and the estimated price of the electricity to be sold by each nuclear power generating unit after considering the tariff in 2020;

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- (b) **electricity sales by nuclear power generating units (to be in operation)** – the revenue to be generated by two nuclear power generating units which are expected to commence operation in 2022 during the period from 2022 to December 31, 2023, based on the estimated electricity to be sold by each nuclear power generating unit after considering the construction progress of each nuclear power generating unit, the electricity sold by a similar nuclear power generating unit in the vicinity, and the estimated price of the electricity to be sold by each nuclear power generating unit after considering the relevant price in 2020;
- (c) **revenue from engineering, construction and related technical services** – the revenue to be generated from engineering, construction and related technical services from two existing contracts for the period from December 10, 2021 to December 31, 2023 based on the amount of the signed contracts or similar contracts and the expected progress of the projects and similar projects; and
- (d) the bonds expected to be issued in 2021 based on the amount of loan due within one year in 2021 and the approval from the meeting of the Shareholders.

With the gradual commencement of operation of the Group's nuclear power generating units under construction, more deposits will be generated, leading to an increase in the caps for deposits and interest income of the Group to be deposited with CGN Group.

In respect of the proposed annual caps for loans provided by CGN Group to our Group, we have mainly considered the expected loan demand of the Group for the period from December 10, 2021 to December 31, 2023, which was based on the amount of loans of certain existing nuclear power generating units of the Group to be repaid during such period and the capital expenditure for construction of two nuclear power generating units which are in the equipment installation phase during such period. With the newly commissioned nuclear power generating units of the Group are faced with greater demand for repayment of principle and interest, and the construction of new nuclear power generating units is expected to commence, the caps for loans to be provided by CGN Group to the Group will increase. According to the annual report of the Company for the year 2019, bank and other borrowings of the Group, which comprise short-term loans, long-term loans, bonds payable and long-term loans and bonds payable due within one year, was approximately RMB222.7 billion and RMB213.0 billion as at December 31, 2018 and December 31, 2019, respectively. Repayment of such bank and other borrowings are made in accordance with the terms thereof and according to the needs of the Company. According to the annual report of the Company for the year 2020, the total borrowings of the Group was approximately RMB207.4 billion as at December 31, 2020. Thus, the funding needs of the Group as at December 31, 2018, 2019 and 2020 were higher than the maximum daily balance of the loans provided by CGN to the Group. Moreover, as at December 31, 2020, the Group had cash at bank and in hand of approximately RMB12.1 billion. As the Company's cash level is far lower than the capital demand, loans are needed for the operations of the Company. The process from

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construction of nuclear power projects to commencement of operations generally takes about 60 months following approval by the government, and ongoing financing is required. Given that the interest rates applicable to the loans provided by CGN Group to us are no less favourable than those available from the Big Four Commercial Banks in the PRC or independent financial institutions, and such funding can meet the urgent capital needs of the Company in a timely and efficient manner, such increase in financing is in line with the interests of the Company and its shareholders.

There are different uses of the deposit services and the loan services under the 2021-2023 Financial Services Framework Agreement. The deposits to be placed by the Group with the CGN Group for the period from December 10, 2021 to December 31, 2023 represent cash generated from its operating revenue, which will be mainly used for its daily operations for such period while the loans to be provided by the CGN Group to the Group for such period will be used to repay loans of the Group and pay the cost of the construction plan of the Group for such period.

Directors' views

The role of CGN Finance is similar to a centralized cash management via which funds from different members within the Group and the CGN Group in the PRC are concentrated into the accounts maintained by CGN Finance in the PRC which, in return, will pay interest on deposits received or charge interest on the loans provided. Through CGN Finance (and thereby centralized fund management), the Group and the CGN Group can enjoy the benefit of efficiency enhancement in fund deployment between subsidiaries of its group in the PRC. The centralized cash management primarily aims to enable cash surpluses of some members of the Group and the CGN Group to cover the funding requirements of others in the PRC, which can reduce or remove the need for external financing. Ultimately, the primary aim is to optimize the efficient use of cash resources among the members of the Group and the CGN Group in the PRC. In view of the above reliance of the CGN Group, the Group has adopted various measures and guidelines to monitor the risk of deposit services and the loan services under the 2021-2023 Financial Services Framework Agreement. In particular, having considered the proportion of the Group's deposits placed with CGN Finance and the potential risk that such deposits cannot be withdrawn, in order to ensure the security of the Group's deposits with CGN Finance, the Group has obtained undertakings from CGN Group, among which, the Group is entitled, in certain cases, to offset deposits placed with CGN Finance that cannot be withdrawn with loans provided by CGN Finance; and the CGN Group shall procure the financial health of CGN Finance and its due performance under the 2021-2023 Financial Services Framework Agreement. The Company is also able to monitor the financial position of CGN Finance from time to time through its director representative in the board of directors of CGN Finance. For more information, please refer to the paragraph headed "Risk control measures" in this letter. Therefore, the Directors view that although there is reliance on the CGN Group providing such deposit services and loan services, the entering into of the deposit services and loan services under the 2021-2023 Financial Services Framework Agreement is in the interest of the Company and its Shareholders.

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Taking into account the established business relationship and corporation between the Group and CGN Group in respect of the financial services, the Directors (including the independent non-executive Directors) are of the view that the 2021-2023 Financial Services Framework Agreement and the proposed annual caps set forth above are entered into during the Group's ordinary and usual course of business on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of our Company and the Shareholders as a whole.

Hong Kong Listing Rules implications

As at the Latest Practicable Date, CGN, which holds approximately 58.16% of the issued share capital of the Company, is the Controlling Shareholder of the Company. Under Rule 14A.07 of the Hong Kong Listing Rules, CGN and its associates are connected persons of the Company. Therefore, the financial service transactions contemplated under the 2021-2023 Financial Services Framework Agreement by the Group and CGN and/or its associates will constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

In respect of the proposed annual caps of the service fees to be paid to CGN Group in relation to settlement, entrustment loans and other financial services under the 2021-2023 Financial Services Framework Agreement, as all the applicable percentage ratios (as defined under Rule 14A.06 of the Hong Kong Listing Rules) for the three years ending December 31, 2023 are below 0.1%, the settlement, entrustment loans and other financial services under the 2021-2023 Financial Services Framework Agreement constitute de minimis continuing connected transactions and are fully exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In respect of the proposed maximum daily balance of deposits and interest income of the deposits to be placed by the Group with CGN Group under the 2021-2023 Financial Services Framework Agreement, as one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Hong Kong Listing Rules) for the three years ending December 31, 2023 exceed 5%, the deposit services under the 2021-2023 Financial Services Framework Agreement are therefore subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. Meanwhile, as one of the applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) in respect of the proposed maximum daily balance of deposits and interest income of the deposits to be placed by the Group with CGN Group under the 2021-2023 Financial Services Framework Agreement for the three years ending December 31, 2023 exceeds 25%, the deposit services under the 2021-2023 Financial Services Framework Agreement also constitute major transactions under Chapter 14 of the Hong Kong Listing Rules.

In respect of the provision of loans by CGN Group to the Group under the 2021-2023 Financial Services Framework Agreement on normal commercial terms or more favorable terms with no security over the assets of the Group, pursuant to Rule

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14A.90 of the Hong Kong Listing Rules, such transactions are fully exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. In order to inform the Shareholders of the amount expected to be involved in such loans and other financial supports, the Company voluntarily maintains the practice as disclosed in the prospectus by setting annual caps for them and then submitting such proposed annual caps to the Independent Shareholders for approval.

Risk Control measures

As part of the risk controls, the Group has adopted the following measures to monitor the financial services contemplated under the 2021-2023 Financial Services Framework Agreement:

- (1) The Group has measures and guidelines in place to monitor the deposits and entrustment loans arrangement from time to time. The Group also has procedures in place providing a comprehensive assessment of the capital operation and risk exposure of the Financial Service Providers under CGN, and regular review of the services provided by the Financial Service Providers under CGN. The Group has engaged an independent third-party audit firm to assess the operational qualification, business and risk condition of CGN Finance under CGN Group as of December 31, 2020. The assessment indicated that CGN Finance has legal and valid operational qualification. No material flaw was found in the internal control system of CGN Finance and no breach of the requirements under the "Administrative Measures for Enterprise Group Finance Companies" by CGN Finance. The respective regulatory indicators have complied with the requirements of Rule 34 of the "Administrative Measures for Enterprise Group Finance Companies". The risks of connected transactions and loan business among the Group and CGN Finance are under control.
- (2) The CGN Group (including CGN Finance) has provided the following undertakings to the Group to, among other things, ensure the security of the Group's deposits with CGN Finance:
 - (i) CGN Finance shall provide to the Group, at all times, financial services with terms no less favorable than (a) the comparable financial services provided to the CGN Group; and (b) the comparable financial services provided to the Group by the Big Four Commercial Banks or other independent financial institutions in the PRC; the Company shall conduct price consultations with the Big Four Commercial Banks in the PRC in respect of the similar types and sizes of deposit services on monthly basis to ensure that CGN Finance provides the Company with the deposit service pricing in line with the requirements of the terms of the 2021-2023 Financial Services Framework Agreement;

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- (ii) CGN Finance shall adopt good corporate governance structure and a sound internal control system to ensure that its risk monitoring indicators and major regulatory indicators (such as gearing ratio, interbank borrowing ratio and liquidity ratio) meet the requirements of the CBIRC and other applicable laws and regulations; and
 - (iii) The CGN Group shall take all necessary actions to procure the financial health of CGN Finance and its due performance under the 2021-2023 Financial Services Framework Agreement, including provision of capital injection to CGN Finance in case of payment difficulties arising from its operations and provision of indemnification for the Group's deposits placed with CGN Finance.
- (3) The deposit services under the 2021-2023 Financial Services Framework Agreement is mainly provided by CGN Finance to the Group. Since the Company is indirectly interested in 30% equity interest in CGN Finance and it has director representative in the board of directors of CGN Finance, such director will monitor the financial position of CGN Finance from time to time and will report to the Company immediately if there is any material adverse change in the financial conditions of CGN Finance. If the Group becomes aware of any material adverse change in the financial conditions of CGN Finance, the Group will take immediate measures, including early withdrawal of deposits, to minimize any adverse impact. In order to effectively safeguard, immediate control and solve the capital risk of deposit and loan business for capital safety, the Company shall formulate the risk management proposal and engage the independent third-party audit firm to assess the proposal. The assessment indicated that the Company's risk management proposal for handling deposit and loan businesses with CGN Finance is aimed to meet its business development and risk management requirements and there are no significantly unreasonable matters.
- (4) If there is a default where deposits placed with CGN Finance cannot be withdrawn, the Group is entitled to offset those deposits that cannot be withdrawn with loans provided by CGN Finance.
- (5) CGN Finance shall provide the Group with sufficient information (including copies of all regulatory reports submitted by CGN Finance to CBIRC) upon request and the Group will cross check the maximum daily balance of the deposits to ensure that the relevant amounts do not exceed the applicable annual caps. When the Group foresees that there may be a possibility that the balance of deposits and interest may exceed the maximum daily balance, it will immediately transfer certain amount of deposits and interest to other bank accounts with independent commercial banks so that the deposits and interest placed with CGN Finance would not exceed the maximum daily balance. In any event, the Company will re comply with the announcement and shareholders' approval requirement before the cap is exceeded in accordance with Rule 14A.54 of the Hong Kong Listing Rules when necessary.

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- (6) The Group will engage auditors to review the connected transactions between the Group and the CGN Group to ensure that the transactions contemplated under the 2021-2023 Financial Services Framework Agreement will be conducted in accordance with the Hong Kong Listing Rules and fulfill the relevant disclosure requirements.

Information on the parties

The Group

The Group mainly constructs, operates and manages nuclear power stations, sells electricity generated by these stations, and organizes and develops the design and research & development of nuclear power stations.

CGN

Established on September 29, 1994, CGN is a large clean energy enterprise under supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. CGN Group is principally engaged in the generation and sale of power, and the construction, operation and management of nuclear and non-nuclear clean projects. As of the Latest Practicable Date, CGN holds approximately 58.16% of the issued share capital of our Company and is the Controlling Shareholder of our Company.

CGN Finance

CGN Finance is a limited liability company established in the PRC on July 22, 1997. The equity interest of CGN Finance is owned as to 66.66% by CGN, 30% by CGN Engineering (a wholly-owned subsidiary of the Company) and 3.34% by CGN Services Group Co., Ltd. (a wholly-owned subsidiary of CGN).

CGN Finance has been approved by the relevant authorities in the PRC to carry out the following financial services: (i) providing financial and financing consultancy, credit certification and related consultancy and agency services to members of the group; (ii) assisting members of the group in settlement; (iii) approved insurance agency business; (iv) providing guarantees to members of the group; (v) providing entrustment loan and entrusted investment services; (vi) processing bill acceptance and discount services to members of the group; (vii) processing the settlement of internal transfers between accounts and providing solution plans for relevant settlement and clearing; (viii) taking deposits from members of the group; (ix) providing loan and finance leases to members of the group; (x) conducting inter-borrowing among finance companies; (xi) issuing corporate bonds of finance companies upon approval; (xii) underwriting the corporate bonds issued by members of the group; (xiii) making equity investments in financial institutions; (xiv) making investments in negotiable securities; (xv) being engaged in derivative products trading business (ordinary qualification, limited to being engaged in customer-driven trading business in relation to five products comprising customer-initiated forward foreign exchange settlement and sales, forward foreign exchange trading, foreign exchange swaps, currency swaps and interest rate swaps); and (xvi) buyer's credit of members of the group.

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Board's Approval

In this regard, the Company convened a Board meeting on March 18, 2021. Mr. Yang Changli and Mr. Shi Bing, the Directors who are considered to have conflict of interests in the above transactions contemplated under the continuing connected transactions, had abstained from voting on the resolutions of the continuing connected transactions. The Board had considered and approved the resolutions in relation to the continuing connected transactions.

The Directors are of the view that the 2021-2023 Financial Services Framework Agreement (including the proposed annual caps) and all related matters thereof are fair and reasonable, on normal commercial terms and in the interests of the Group and the Shareholders as a whole. The resolutions in relation to the 2021-2023 Financial Services Framework Agreement, the transactions contemplated thereunder, and the annual caps as set out above will be submitted to the 2020 AGM for the Independent Shareholders' consideration and approval.

Independent Board Committee

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the 2021-2023 Financial Services Framework Agreement and the proposed annual caps are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

Independent Financial Adviser

TC Capital International Limited has been appointed by our Company as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders as to whether deposit services and loan services under the 2021-2023 Financial Services Framework Agreement and the proposed annual caps are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

Connected Persons who are Required to Abstain from Voting

CGN Group was considered to have material interests in the 2021-2023 Financial Services Framework Agreement. In accordance with Rule 14A.36 of the Hong Kong Listing Rules, any connected person who has material interests in such transactions must abstain from voting on the relevant resolutions at the general meeting. CGN Group holds 29,370,927,375 Shares in our Company, representing approximately 58.16% of the total issued Shares of our Company, and therefore CGN and its close associates shall abstain from voting on the 2021-2023 Financial Services Framework Agreement at the 2020 AGM. As at the Latest Practicable Date, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no shareholding trust or other agreement or arrangement or intention entered into by its ultimate beneficial owners and their respective associates which binding upon them; and (ii) no obligation or entitlement of its ultimate beneficial owners and

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their respective associates as of the Latest Practicable Date, whereby they have or may have temporarily or permanently passed control over the exercise of the voting rights in respect of its Shares to a third party, either generally or on a case-by-case basis.

As of the Latest Practicable Date, and to the best knowledge, information and belief of the Directors, saved as disclosed in this circular, no Shareholder is required to abstain from voting in respect of other resolutions.

IV. SPECIAL RESOLUTIONS

13. To consider and approve the application for unified registration of multi-type debt financing instruments

To increase the Company's flexibility in debt issuance, enhance the efficiency of debt issuance, strengthen the Company's financial support capacity, and continuously improve the debt structure and effectively control the financing cost, the Company intends to apply to the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) for registration of multi-type debt financing instruments (TDFI) of bonds amounting to RMB20.0 billion. The principal terms are as follows:

- (1) Registration and issuance type: the registration type is multi-type debt financing instruments (TDFI), including super short-term financing bills, short-term financing bills, medium-term notes, perpetual notes, asset-backed notes, green debt financing instruments and private placement notes, etc. The Company will issue the financing instruments during the validity period of registration and the final proposal is subject to the registration notice of the National Association of Financial Market Institutional Investors;
- (2) Registration and issuance amount: not exceeding RMB20.0 billion;
- (3) Way of issuance: public issuance;
- (4) Interest rate of issuance: determined with reference to the specific term of issuance and market conditions;
- (5) Term of issuance: determined according to the capital requirements and market conditions;
- (6) Use of proceeds from issuance of debts: to repay debts, replenish working capital or for project investment and construction, etc; and
- (7) Way of guarantee: no guarantee.

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The resolution of application for unified registration of multi-type debt financing instruments was considered and approved at the 5th meeting of the third session of the Board of Directors. According to the Articles of Association, a special resolution will be proposed by the Board at the AGM to approve the Company to apply to the National Association of Financial Market Institutional Investors for unified registration of multi-type debt financing instruments of bonds amounted not exceeding RMB20.0 billion. Also, the Company will propose to approve the authorization to its chief financial officer for determining the specific registration and issuance arrangements for the abovementioned bonds pursuant to market conditions in accordance with the abovementioned terms at the AGM. The validity period for the abovementioned authorization shall commence upon the approval at the AGM and shall expire on December 31, 2023.

14. To consider and approve the grant of the general mandate to issue Shares

At the AGM, a special resolution will be proposed that the Board be granted the Issue Mandate to exercise the power of the Company to allot, issue or otherwise deal with new Shares (otherwise than pursuant to the issue of shares by conversion of the surplus reserve into the share capital in accordance with the PRC Company Law and the Articles of Association) not more than 20% of the number of A Shares and/or H Shares in issue as of the date of passing this special resolution separately or concurrently during the “relevant period”, to decide on the terms and conditions for allotting, issuing and dealing with new shares, including but not limited to the followings: (i) class and number of new shares to be issued; (ii) pricing determination method and/or issue price of new shares (including the price range); (iii) the starting and closing dates for the issue; (iv) class and number of the new shares to be issued to existing Shareholders; and (v) the making or granting of offers, agreements and options which might require the exercise of such powers.

When exercising the rights under the general mandate to issue shares, the Company intends to obtain the following authorizations from Shareholders: (i) to make corresponding capital increase in the registered capital of the Company in accordance to relevant laws and regulations, the Articles of Association and other regulations, and make appropriate and necessary amendments to the relevant articles under the Articles of Association; and (ii) to sign necessary documents, complete necessary procedures, and take other necessary actions to complete the allotment, issuing and listing of the new shares.

The number of H Shares and A Shares of the Company in issue as at the Latest Practicable Date were 11,163,625,000 H Shares and 39,334,986,100 A Shares. Assuming that the number of shares remains unchanged as at the date of passing this special resolution, the Board will be allowed under the Issue Mandate to issue a maximum of 2,232,725,000 H Shares and 7,866,997,220 A Shares, respectively, subject to the passing of the special resolution approving the grant of the Issue Mandate to the Board. Meanwhile, the Board is authorized to make necessary amendments to the Articles of Association so as to reflect the new share capital structure upon the allotment or issue of additional shares pursuant to such mandate.

In exercising the general mandate to issue shares, the Board shall (i) comply with the relevant requirements of the Company Law of the PRC, the relevant requirements of the CSRC and the Hong Kong Stock Exchange (as amended from time to time), and (ii) obtain the approval from the CSRC and other relevant PRC government authorities (if any).

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This mandate remains valid during the relevant period. The “relevant period” mentioned above refers to period from the passing of the general mandate to issue shares after approval by the Shareholders’ general meeting until the expiry of the earlier of: (i) the conclusion of the next annual general meeting following the passing of this special resolution; (ii) the expiration of 12 months after the passing of this special resolution; or (iii) the date on which the authorization set out in this special resolution is revoked or amended by a special resolution in the general meeting of the Company.

The Directors believe that it is in the best interests of the Company and the Shareholders to grant the Issue Mandate to the Board to issue new Shares. Whilst it is not possible to anticipate in advance any specific circumstances in which the Board might consider appropriate to issue Shares, the ability to do so would give the Directors the flexibility to capture the opportunity if it so arises.

15. To consider and approve the grant of the general mandate to repurchase Shares

A special resolution will be proposed at the AGM, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting to grant to the Board the mandate to repurchase Shares (including domestic A Shares and/or overseas H Shares) during the “relevant period”, to repurchase 10% of the domestic A Shares and/or overseas listed H Shares as at the date of passing this resolution at the general meeting, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting, and to determine the terms and conditions for the repurchase of Shares, and to authorize the Board to make appropriate and necessary amendments to the relevant content of the Articles of Association, execute relevant documents and make other essential or necessary arrangements to reflect the actual situation of the capital structure after taking actions pursuant to this mandate and in compliance with the requirements of the relevant regulatory authorities or competent authorities.

As at the Latest Practicable Date, the Company had 11,163,625,000 H Shares in issue and 39,334,986,100 A Shares in issue. Assuming that such number of Shares remains the same as at the date of passing this special resolution, pursuant to the Issue Mandate, the Board would be allowed to repurchase a maximum of 1,116,362,500 H Shares and 3,933,498,610 A Shares respectively, subject to the passing of the special resolution approving the grant of the Issue Mandate to the Board.

After the general mandate is approved at the general meeting, the Board may determine the terms and conditions for the repurchase of shares, including but not limited to the following: (i) purpose of the proposed repurchase of shares; (ii) the class and number of shares to be repurchased; (iii) time, price and duration of repurchase of shares; and (iv) to perform the approval, filing and information disclosure (if any) in relation to the repurchase of shares.

In exercising the general mandate to repurchase shares, the Board shall (i) comply with the relevant requirements of the Company Law of the PRC, the relevant requirements of the CSRC and the Hong Kong Stock Exchange (as amended from time to time), and (ii) obtain the approval from the CSRC and other relevant PRC government authorities (if any).

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This mandate remains valid during the relevant period. The “relevant period” mentioned above refers to period from the passing of the general mandate to repurchase shares after approval by the Shareholders’ general meeting of the Company, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting until the expiry of the earlier of: (i) the conclusion of the next annual general meeting; (ii) the expiration of 12 months after the passing of this special resolution at the shareholders’ general meeting, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting; or (iii) the date on which the general mandate set out in this special resolution is revoked or amended by a special resolution in the Shareholders’ general meeting, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting.

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to grant a general mandate to the Board to repurchase shares. The Board will act prudently and flexibly in accordance with relevant laws, regulations and regulatory rules and in the best interests of the Company and the Shareholders as a whole.

A special resolution will be proposed by the Board at the AGM, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting to grant to the Directors the A Share or H Share Repurchase Mandate, details of which will be set out in the notice of the AGM and the notice of the H Shareholders’ Class Meeting.

Appendix IV to this circular is an explanatory statement which contains details pursuant to Rule 10.06 (1)(b) of the Hong Kong Listing Rules for the purpose of enabling Shareholders to make an informed decision on whether to vote for or against the proposed resolution of the grant of the general mandate to repurchase Shares.

V. THE AGM AND H SHAREHOLDERS’ CLASS MEETING

The Company will convene the AGM and H Shareholders’ Class Meeting at 2:30 p.m. on Wednesday, May 26, 2021 at Room 401, South Tower, CGN Building, No. 2002 Shennan Road, Shenzhen, Guangdong Province, the PRC to consider and, if thought fit, to pass resolutions in respect of the matters set out in the notices of the AGM and the H Shareholders’ Class Meeting. A form of proxy and a reply slip have been dispatched to the Shareholders in accordance with the Hong Kong Listing Rules on April 9, 2021. The notices of the AGM and H Shareholders’ Class Meeting are set out on pages V-1 to VI-3 of this circular.

Pursuant to Rule 14A.36 of the Hong Kong Listing Rules, any connected person with a material interest in the relevant connected transaction is required to abstain from voting on the relevant resolution at the AGM. Accordingly, CGN Group, which holds 29,370,927,375 Shares of the Company (representing approximately 58.16% of Shares in issue), and its associates are required to abstain from voting on the resolution to approve the 2021-2023 Financial Services Framework Agreement and the provision of deposit and loan services contemplated thereunder and the related proposed annual caps at the AGM. As of the Latest Practicable Date, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or intention entered into by its ultimate

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beneficial owners and their respective associates which is binding upon them; and (ii) no obligation or entitlement of its ultimate beneficial owners and their respective associates as of the Latest Practicable Date, whereby they have or may have temporarily or permanently passed control over the exercise of the voting rights in respect of its Shares to a third party, either generally or on a case-by-case basis.

Whether or not you are able to attend and/or vote at the AGM and H Shareholders' Class Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon. If you intend to attend the AGM and/or H Shareholders' Class Meeting (in person or by proxy), you are required to complete and return the accompanying reply slip(s) to the H Share Registrar on or before Wednesday, May 5, 2021.

If you intend to appoint a proxy to attend the AGM and/or the H Shareholders' Class Meeting, you are required to complete and return the accompanying proxy form(s) in accordance with the instructions printed thereon. For H Shareholders, the proxy form(s) should be returned to the H Share Registrar, Computershare Hong Kong Investor Services Limited, in person or by post as soon as possible and in any event not less than 24 hours before the time appointed for holding the AGM and/or H Shareholders' Class Meeting or any adjourned meeting thereof.

Completion and return of the proxy form(s) will not preclude you from attending and voting in person at the AGM and/or H Shareholders' Class Meeting should you so wish, and completion and return of the reply slip(s) do not affect the right of a Shareholder to attend and vote at the respective meeting.

A Shareholders of the Company can vote on-site or by proxy, or through the Internet. For the voting method and registration method of participating in the AGM and/or A Shareholders' Class Meeting, please refer to the relevant announcement of the Company dated April 9, 2021 as published on the website of the Shenzhen Stock Exchange.

VOTING BY POLL AT THE AGM

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules, all votes of the Shareholders at the AGM and the H Shareholders' Class Meeting must be taken by poll. The chairmen of the AGM and the H Shareholders' Class Meeting will therefore demand a poll for every resolution put to the vote of the AGM and H Shareholders' Class Meeting pursuant to Article 97 of the Articles of Association.

On a poll, every Shareholder present in person or by proxy (or being a corporation by its duly authorized representative) at the AGM or the H Shareholders' Class Meeting shall have one vote for each Share registered in his/her name in the register of members. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she has in the same manner.

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CLOSURE OF REGISTER OF MEMBERS AND ELIGIBILITY FOR ATTENDING AND VOTING AT THE AGM AND THE H SHAREHOLDERS' CLASS MEETING

In order to ascertain the entitlements of the Shareholders to attend and vote at the AGM and the H Shareholders' Class Meeting, the register of H Shareholders of the Company will be closed from Monday, April 26, 2021 to Wednesday, May 26, 2021 (both days inclusive), during which period no transfer of H Shares of the Company will be effected. Shareholders whose names appear on the register of members of the Company on Monday, April 26, 2021 will be entitled to attend and vote at the AGM and the H Shareholders' Class Meeting.

To be eligible to attend and vote at the AGM and the H Shareholders' Class Meeting, all transfer documents of H Shares together with relevant share certificates and other appropriate documents shall be sent for registration to the H Share Registrar of the Company, namely, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on Friday, April 23, 2021.

VI. RECOMMENDATION

The Board (including independent non-executive Directors) considers that resolutions to be proposed at the AGM and the H Shareholders' Class Meeting are in the interests of the Company and the Shareholders as a whole, and accordingly, recommends the Shareholders to vote in favour of all the resolutions to be proposed at the AGM and the H Shareholders' Class Meeting.

VII. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders, the letter from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders, and additional information set out in Appendices I to IV to this circular.

By order of the Board
CGN Power Co., Ltd.*

Yin Engang
Chief Financial Officer, Joint Company
Secretary and Board Secretary

The PRC, April 9, 2021

** For identification purpose only*

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE
TO THE INDEPENDENT SHAREHOLDERS**



CGN Power Co., Ltd. *
中國廣核電力股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1816)

April 9, 2021

To Shareholders

Dear Sir or Madam,

Major Transactions and Continuing Connected Transactions
2021-2023 Financial Services Framework Agreement

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to the fairness and reasonableness of the 2021-2023 Financial Services Framework Agreement and the provision of deposit and loan services contemplated thereunder and the related proposed annual caps, the details of which are set out in the “**Letter from the Board**” of this circular (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise specified.

TC Capital International Limited has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders on (a) whether the provision of deposit and loan services under the 2021-2023 Financial Services Framework Agreement is on normal commercial terms, and whether the terms of the provision of deposit and loan services under the 2021-2023 Financial Services Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (b) whether entering into the provision of deposit and loan services under the 2021-2023 Financial Services Framework is in the interests of the Company and the Shareholders as a whole.

Your attention is drawn to the letter from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders of the Circular issued by TC Capital International Limited, which contains its advice to the Independent Board Committee and the Independent Shareholders on the provision of deposit and loan services under the 2021-2023 Financial Services Framework Agreement and the related proposed annual caps for the period from December 10, 2021 to December 31, 2021, the year ending December 31, 2022 and the year ending December 31, 2023 (the text of the letter of advice is set out on pages 40 to 53 of the Circular). Having considered the advice of TC Capital International Limited, we are of the view that the terms and conditions of the provision of deposit and loan services under

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the 2021-2023 Financial Services Framework Agreement are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and its Shareholders as a whole, and the related proposed annual caps for the period from December 10, 2021 to December 31, 2021, the year ending December 31, 2022 and the year ending December 31, 2023 are fair and reasonable. Our view related to fairness and reasonableness is necessarily based on information, facts and circumstances currently prevailing.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions at the AGM to approve the 2021-2023 Financial Services Framework Agreement and the provision of deposit and loan services contemplated thereunder and the related proposed annual caps for the period from December 10, 2021 to December 31, 2021, the year ending December 31, 2022 and the year ending December 31, 2023.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Li Fuyou
Independent
non-executive Director

Yang Jiayi
Independent
non-executive Director

Xia Ceming
Independent
non-executive Director

* *For identification purpose only*

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR
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Set out below is the text of a letter received from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services (as defined below) and the Loan Services (as defined below) under the 2021-2023 Financial Services Framework Agreement and their respective annual caps, for the purpose of inclusion in this circular.



9 April 2021

The Independent Board Committee and the Independent Shareholders
CGN Power Co., Ltd.*

Dear Sirs,

**Major Transactions and Continuing Connected Transactions
2021-2023 Financial Services Framework Agreement**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the deposit services (the “**Deposit Services**”) and the loan services (the “**Loan Services**”) under the 2021-2023 Financial Services Framework Agreement and the relevant annual caps (the “**Proposed Annual Caps**”) for the period from December 10, 2021 to December 31, 2021, the year ending December 31, 2022 and the year ending December 31, 2023 (the “**Relevant Period**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) in the circular of CGN Power Co., Ltd. (the “**Company**”) to the Shareholders dated 9 April 2021 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise requires.

As stated in the Letter from the Board, the Company entered into the financial services framework agreement with CGN on November 21, 2014 and completed the renewals with CGN on March 18, 2015 and March 8, 2018 respectively. As a continuation of the 2018 Financial Services Framework Agreement, the Company entered into the 2021-2023 Financial Services Framework Agreement with CGN on 18 March 2021. Pursuant to the 2021-2023 Financial Services Framework Agreement, CGN will and shall procure the Financial Service Providers under CGN to provide financial services to the Group.

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As stated in the Letter from the Board, as at the Latest Practicable Date, CGN, which held approximately 58.16% of the issued share capital of the Company, is the Controlling Shareholder of the Company. Under Rule 14A.07 of the Hong Kong Listing Rules, CGN and its associates are connected persons of the Company. Therefore, the financial services transactions contemplated under the 2021-2023 Financial Services Framework Agreement by the Group and CGN and/or its associates will constitute Continuing Connected Transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

As stated in the Letter from the Board, in respect of the proposed maximum daily balance of deposits and interest income of the deposits to be placed by the Group with CGN Group under the 2021-2023 Financial Services Framework Agreement, as one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Hong Kong Listing Rules) for the three years ending December 31, 2023 exceed 5%, the deposit services under the 2021-2023 Financial Services Framework Agreement are therefore subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. Meanwhile, as one of the applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) in respect of the proposed maximum daily balance of deposits and interest income of the deposits to be placed by the Group with CGN Group under the 2021-2023 Financial Services Framework Agreement for the three years ending December 31, 2023 exceeds 25%, the deposit services under the 2021-2023 Financial Services Framework Agreement also constitute major transactions under Chapter 14 of the Hong Kong Listing Rules.

As stated in the Letter from the Board, in respect of the provision of loans by CGN Group to the Group under the 2021-2023 Financial Services Framework Agreement on normal commercial terms or more favorable terms with no security over the assets of the Group, pursuant to Rule 14A.90 of the Hong Kong Listing Rules, such transactions are fully exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. In order to inform the Shareholders of the amount expected to be involved in such loans and other financial supports, the Company voluntarily maintains the practice as disclosed in the prospectus by setting annual caps for them and then submitting such proposed annual caps to Independent Shareholders for approval.

We have been appointed by the Company to advise (i) the Independent Board Committee and the Independent Shareholders as to whether or not the Deposit Services and the Loan Services are entered in the ordinary and usual course of business of the Company, the terms of the Deposit Services and the Loan Services are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Deposit Services and the Loan Services are in the interests of the Company and the Shareholders as a whole and the Proposed Annual Caps are fair and reasonable; and (ii) how the Independent Shareholders should vote in respect of the relevant resolution to approve the Deposit Services, the Loan Services and the Proposed Annual Caps.

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OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of us. Within the two years prior to the Latest Practicable Date, we have acted as independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to a continuing connected transaction of the Company, details of which are set out in the circular of the Company dated April 9, 2019. Apart from normal professional fees paid to us in connection with the aforesaid appointment, no arrangements exist whereby we have received any fees or benefits from the Company or any other party to the transactions during the two years prior to the Latest Practicable Date, therefore we consider such relationship would not affect our independence to form our opinion in respect of the Deposit Services and the Loan Services and the Proposed Annual Caps.

BASIS OF OPINION

In putting forth our recommendation, we have relied on all the relevant information, opinions and facts supplied and representations made to us by the Directors and the representatives of the Company. We have reviewed, among other things, (i) the 2021-2023 Financial Services Framework Agreement; (ii) the annual reports of the Company for the year ended December 31, 2018 (the “**2018 Annual Report**”) and the year ended December 31, 2019 (the “**2019 Annual Report**”); (iii) the annual results announcement of the Company for the year ended December 31, 2020 (the “**2020 Annual Results Announcement**”); (iv) relevant market data and information available from public sources; and (v) the Circular.

We have assumed that all such information, opinions, facts and representations, which have been provided to us by the Directors and/or the representatives of the Company and for which they are fully responsible, are true, accurate and complete in all respects. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and/or the representatives of the Company. The Company has also confirmed to us that no material facts have been omitted from the information supplied and we have no reason to suspect that any material information has been withheld by the Company or is misleading.

We consider that we have sufficient information currently available to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and/or the representatives of the Company, nor have we conducted any independent investigation into the business, affairs, operations, financial position or future prospects of each of the Group, CGN and any of their respective subsidiaries and associates.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Deposit Services and the Loan Services and the Proposed Annual Caps, we have taken into account the following principal factors and reasons:

1. Information on the Group, CGN and CGN Finance

1.1 Information on the Group

As stated in the Letter from the Board, the Group mainly constructs, operates and manages nuclear power stations, sells electricity generated by these stations, and organizes and develops the design and research & development of nuclear power stations.

Set out below is certain audited financial information of the Group for the three years ended December 31, 2020 (“FY2018”, “FY2019” and “FY2020”, respectively), as extracted from the 2019 Annual Report and the 2020 Annual Results Announcement:

	For the year ended 31 December		
	2020	2019	2018
	RMB'000	RMB'000	RMB'000
Operating revenue	70,584,711	60,875,176	50,827,919
Total profit	16,850,121	16,555,095	14,899,476
Net profit	14,875,637	14,785,240	13,681,677

As shown in the above table, the audited operating revenue of the Group amounted to approximately RMB60,875.18 million for FY2019, representing an increase of approximately 19.77% as compared with the operating revenue of the Group for FY2018. The audited net profit for FY2019 amounted to approximately RMB14,785.24 million, representing an increase of approximately 8.07% as compared with the net profit of the Group for FY2018. The improvement in financial performance of the Group in FY2019 was mainly due to the commencement of commercial operation of Yangjiang Units 5 and 6 and Taishan Units 1 and 2 in July 2018, July 2019, December 2018 and September 2019, respectively, and the increase in the construction volume of Huizhou Nuclear Power and wind power business of CGN Engineering.

The audited operating revenue of the Group amounted to approximately RMB70,584.71 million for FY2020, representing an increase of approximately 15.95% as compared with the operating revenue of the Group for FY2019. The audited net profit for FY2020 amounted to approximately RMB14,875.64 million, representing an increase of approximately 0.61% as compared with the net profit of the Group for FY2019. The improvement in financial performance of the Group in FY2020 was mainly due to the commencement of commercial operation of Yangjiang Units 6 and Taishan Unit 2 in July 2019 and September 2019, respectively, and the increase in the construction volume of Huizhou Nuclear Power Project, Cangnan Nuclear Power Project and CGNPC's wind power business of CGN Engineering.

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1.2 Information on CGN

As stated in the Letter from the Board, established on September 29, 1994, CGN is a large clean energy enterprise under supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. CGN Group is principally engaged in the generation and sale of power, and the construction, operation and management of nuclear and non-nuclear clean projects. As at the Latest Practicable Date, CGN held approximately 58.16% of the issued share capital of the Company and is the Controlling Shareholder of the Company.

1.3 Information on CGN Finance

As stated in the Letter from the Board, CGN Finance is a limited liability company established in the PRC on July 22, 1997. The equity interest of CGN Finance was owned as to 66.66% by CGN, 30% by CGN Engineering (a wholly-owned subsidiary of the Company) and 3.34% by CGN Services Group Co., Ltd. (a wholly-owned subsidiary of CGN) as at the Latest Practicable Date.

As stated in the Letter from the Board, CGN Finance has been approved by the relevant authorities in the PRC to carry out the following financial services: (i) providing financial and financing consultancy, credit certification and related consultancy and agency services to members of the group; (ii) assisting members of the group in settlement; (iii) approved insurance agency business; (iv) providing guarantees to members of the group; (v) providing entrustment loan and entrusted investment services; (vi) processing bill acceptance and discount services to members of the group; (vii) processing the settlement of internal transfers between accounts and providing solution plans for relevant settlement and clearing; (viii) taking deposits from members of the group; (ix) providing loan and finance leases to members of the group; (x) conducting inter-borrowing among finance companies; (xi) issuing corporate bonds of finance companies upon approval; (xii) underwriting the corporate bonds issued by members of the group; (xiii) making equity investments in financial institutions; (xiv) making investments in negotiable securities; (xv) being engaged in derivative products trading business (ordinary qualification, limited to being engaged in customer-driven trading business in relation to five products comprising customer-initiated forward foreign exchange settlement and sales, forward foreign exchange trading, foreign exchange swaps, currency swaps and interest rate swaps); and (xvi) buyer's credit of members of the group.

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2. Reasons for and benefits of the Deposit Services and the Loan Services

As advised by the representatives of the Company, CGN Finance has been providing the Deposit Services and the Financial Service Providers under CGN have been providing the Loan Services to the Group for many years. With the benefit of this long standing relationship, the Group benefits from the Financial Service Providers under CGN's familiarity of the Group's industry and operations. The Financial Service Providers under CGN understand well the needs of the Group and will be able to cater the needs of the Group more efficiently.

As stated in the Letter from the Board, the 2021-2023 Financial Services Framework Agreement does not prevent the Group from using the services provided by other commercial banks or independent financial institutions in the PRC. The Group retains discretion to make its selection according to its business needs as well as the fees and quality of such services. The Group may (but is not obliged to) utilize the financial services provided by the Financial Service Providers under CGN to deploy and manage its financial resources flexibly and efficiently.

As stated in the Letter from the Board, approximately 73.17%, 93.54% and 98.16% of the Group's deposits was placed with the CGN Group for the year ended December 31, 2018, December 31, 2019 and December 31, 2020 based on the maximum daily balance of deposits for the corresponding periods while approximately 8.43%, 9.11% and 11.90% of the Group's borrowings was provided by the CGN Group to the Group for the years ended December 31, 2018, December 31, 2019 and December 31, 2020 based on the maximum daily balance of borrowings for the corresponding periods. The representative of the Company advised that the role of CGN Finance is similar to a centralized cash management via which funds from different members within the Group and the CGN Group in the PRC are concentrated into the accounts maintained by CGN Finance in the PRC which, in return, will pay interest on deposits received or charge interest on the loans provided. Through CGN Finance (and thereby centralized fund management), the Group and the CGN Group can enjoy the benefit of efficiency enhancement in fund deployment between subsidiaries of its group in the PRC. The centralized cash management primarily aims to enable cash surpluses of some members of the Group and the CGN Group to cover the funding requirements of others in the PRC, which can reduce or remove the need for external financing. Ultimately, the primary aim is to optimize the efficient use of cash resources among the members of the Group and the CGN Group in the PRC.

As advised by the representative of the Company, in view of the above reliance on the CGN Group, the Group has adopted various measures and guidelines to monitor the risk of the Deposit Services and the Loan Services, in particular, (i) since the Company is indirectly interested in 30% equity interest in CGN Finance and it has director representative in the board of directors of CGN Finance, such director will monitor the financial position of CGN Finance from time to time and will report to the Company immediately if there is any material adverse change in the financial conditions of CGN Finance; (ii) if there is a default where deposits

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placed with the Financial Service Providers under CGN cannot be withdrawn, the Group is entitled to offset those deposits that cannot be withdrawn with loans provided by the Financial Service Providers under CGN; and (iii) the CGN Group shall take all necessary actions to procure the financial health of the Financial Service Providers under CGN and its due performance under the 2021-2023 Financial Services Framework Agreement, including provision of capital injection to the Financial Service Providers under CGN in case of payment difficulties arising from its operations and provision of indemnification for the Group's deposits placed with the Financial Service Providers under CGN. Therefore, we concur with the Directors' view that the entering into the Deposit Services and the Loan Services is in the interest of the Company and its shareholders although there is reliance on the CGN Group providing the Deposit Services and the Loan Services and the interest of the Shareholders can be protected for the reliance on the CGN Group providing the Deposit Services to the Group.

Having considered that (i) the 2021-2023 Financial Services Framework Agreement provides the stability and reliability of the Deposit Services and the Loan Services to the Group due to the long-established relationship; (ii) the Group may (but is not obliged to) utilize the financial services provided by the Financial Service Providers under CGN to deploy and manage its financial resources flexibly and efficiently; (iii) there are various measures and guidelines to monitor the risk of the Deposit Services; and (iv) the terms of the Deposit Services and the Loan Services are fair and reasonable as mentioned in the paragraph headed "Principal terms of the Deposit Services and the Loan Services" below, we concur with the Directors' view that the entering into the Deposit Services and the Loan Services under the 2021-2023 Financial Services Framework Agreement is in the ordinary and usual course of business of the Company, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole.

3. Principal terms of the Deposit Services and the Loan Services

The Company and CGN entered into the 2021-2023 Financial Services Framework Agreement on 18 March 2021. Pursuant to the 2021-2023 Financial Services Framework Agreement, CGN will and shall procure the Financial Service Providers under CGN to provide financial services to the Group, mainly including but not limited to depository, loans, entrustment loans, annum-based and/or project-based financial consulting services, settlement services, insurance services and financial leasing services. The principal terms of the 2021-2023 Financial Services Framework Agreement were set out in the Letter from the Board. Set out below is the pricing policy of the Deposit Services and the Loan Services.

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3.1 *The Deposit Services*

As stated in the Letter from the Board, the interest rate of the deposits placed by the Group with the Financial Service Providers under CGN will not be lower than (i) the interest rate for deposits of a similar type for the same period placed by other subsidiaries of CGN Group; and (ii) the interest rate for deposits of a similar type for the same period offered by the Big Four Commercial Banks to the Group.

We have obtained and reviewed the records of the ten largest deposits made by the Group to the Financial Service Providers under CGN as at December 31, 2019 and December 31, 2020. We compared the interest rates of deposits offered by CGN Finance to the Group against (i) the interest rates for deposits of similar type for the same period placed by other subsidiaries of the CGN Group; and (ii) the interest rates offered by the Big Four Commercial Banks of deposits of similar type for the same period. We note that the interest rates from CGN Finance for the deposit services to the Group were not less favourable to the Group than (i) the interest rates received by other subsidiaries of the CGN Group from CGN Finance for deposits of a similar type for the same period; and (ii) the interest rates received from the Big Four Commercial Banks for deposits of a similar type for the same period.

We are of the view that the pricing policy for the Deposit Services is fair and reasonable so far as the Independent Shareholders are concerned as the interest from the Deposit Services will be set at such rates not less than the rates offered by the third parties.

3.2 *The Loan Services*

As stated in the Letter from the Board, the interest rate of loans provided by the Financial Service Providers under CGN to the Group shall be determined in accordance with the following conditions: (i) normal commercial terms with no security over the assets of the Group charged in respect of the loans; (ii) no less favourable than the interest rates of comparable loans offered to the Group by independent commercial banks or financial institutions; and (iii) no less favourable than interest rates for the comparable loans provided by the CGN Group to other subsidiaries of the CGN Group through the Financial Service Providers under CGN.

We have obtained and reviewed the records of the ten largest loans between the Group and the Financial Service Providers under CGN for each of the two years ended 31 December 2020. We compared the interest rates of loans offered by the Financial Service Providers under CGN against (i) the then lending rates offered by the Big Four Commercial Banks for each loan of similar nature; and (ii) the then lending rates to other subsidiaries of the CGN Group by the Financial Service Providers under CGN for loans of similar nature. We noted that the loan interest rates offered by the Financial Service Providers under CGN to the Group were not less favourable to the Group than (i) the then lending rates offered by the Big Four Commercial Banks for each loan of similar nature; and (ii) the then lending rates to other subsidiaries of

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the CGN Group by the Financial Service Providers under CGN for loans of similar nature. Moreover, the representative of the Company advised that there was no security over the assets of the Group charged in respect of the above loans between the Group and the Financial Service Providers under CGN.

We are of the view that the above pricing policy for the Loan Services are fair and reasonable so far as the Independent Shareholders are concerned, as the interests charged for the Loan Services will be set at such rates not less favourable than the rates offered by the third parties and there will be no security over the assets of the Group charged.

4. The Proposed Annual Caps and basis of determination

4.1 The Deposit Services

The table below sets out (i) the historical maximum daily balance of deposit and interest income for the three years ended December 31, 2020; and (ii) the proposed annual caps for the Deposit Services for the Relevant Period.

			Proposed annual caps		
Historical amounts for the			2021.12.10	2022.1.1	2023.1.1
year ended December 31,			–	–	–
2018	2019	2020	2021.12.31	2022.12.31	2023.12.31
(RMB	(RMB	(RMB	(RMB	(RMB	(RMB
million)	million)	million)	million)	million)	million)
Maximum daily balance					
of deposits and interest					
income of the deposits					
placed/to be placed by					
the Group with the					
CGN Group			16,472.25	19,133.27	20,101.31
			27,500.00	31,500.00	35,000.00

As stated in the Letter from the Board, approximately 73.17%, 93.54% and 98.16% of the Group's deposits was placed with the CGN Group for the years ended December 31, 2018, December 31, 2019 and December 31, 2020 based on the maximum daily balance of deposits for the corresponding periods.

The representatives of the Company advised that the Company has considered the below factors in determining the proposed annual caps for the Deposit Services for the Relevant Period.

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The historical maximum daily balance of deposits and interest income placed by the Group with the CGN Group

As shown in the above table, the maximum daily balance of deposit and interest income of the Group with the CGN Group for the year ended December 31, 2019 represented an increase of approximately 16.15% as compared to that for the year ended December 31, 2018 while the maximum daily balance of deposit and interest income of the Group with the CGN Group for the year ended December 31, 2020 represented an increase of approximately 5.06% as compared to that for the year ended December 31, 2019.

The operation of the Group for the two years ended December 31, 2020 and the business operation of the Group in the Relevant Period

As shown in the paragraph headed “Information on the Group” above, the audited operating revenue of the Group amounted to approximately RMB60,875.18 million for FY2019, representing an increase of approximately 19.77% as compared with the operating revenue of the Group for FY2018. The audited net profit for FY2019 amounted to approximately RMB14,785.24 million, representing an increase of approximately 8.07% as compared with the net profit of the Group for FY2018. The improvement in financial performance of the Group in FY2019 was mainly due to the commencement of commercial operation of Yangjiang Units 5 and 6 and Taishan Units 1 and 2 in July 2018, July 2019, December 2018 and September 2019, respectively, and the increase in the construction volume of Huizhou Nuclear Power and wind power business of CGN Engineering.

The audited operating revenue of the Group amounted to approximately RMB70,584.71 million for FY2020, representing an increase of approximately 15.95% as compared with the operating revenue of the Group for FY2019. The audited net profit for FY2020 amounted to approximately RMB14,875.64 million, representing an increase of approximately 0.61% as compared with the net profit of the Group for FY2019. The improvement in financial performance of the Group in FY2020 was mainly due to the commencement of commercial operation of Yangjiang Units 6 and Taishan Unit 2 in July 2019 and September 2019, respectively, and the increase in the construction volume of Huizhou Nuclear Power, Cangnan Nuclear Power Project and CGNPC’s wind power business of CGN Engineering.

As shown in the above table, the proposed annual caps of the Deposit Services for the period from December 10, 2021 to December 31, 2021, the year ending December 31, 2022 and the year ending December 31, 2023 represent an increase of approximately RMB7,399,000,000, RMB4,000,000,000 and RMB3,500,000,000 respectively over the historical amount for the year ended December 31, 2020 and the proposed annual caps for the period from December 10, 2021 to December 31, 2021 and the year ending December 31, 2022. The representative of the Company advised that the above increases in the proposed annual caps of the Deposit Services are mainly resulted from (i) the revenue resulting from expected increase in electricity to be sold by two existing nuclear power generating units according to the development plan for the Relevant Period approved by the Board based on (a) the estimated

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electricity to be sold by each nuclear power generating unit after considering historical on-grid power generation in 2020, the effect of COVID-19 in 2020 and/or the time taken for refueling outage in 2020; and (b) the estimated price of the electricity to be sold by each nuclear power generating unit after considering the price of electricity in the approval; (ii) the revenue to be generated by two nuclear power generating units which will put in operation for the Relevant Period based on (a) the estimated electricity to be sold by each nuclear power generating unit after considering the progress of each nuclear power generating unit and the electricity sold by a similar nuclear power generating unit; and (b) the estimated price of the electricity to be sold by each nuclear power generating unit after considering the relevant price of electricity in 2020; (iii) the revenue to be generated from engineering, construction and related technical services from two exiting contracts for the Relevant Period based on the amount of the signed contract or similar contract and the expected progress of the projects and similar projects; and (iv) the bonds to be issued in 2021 based on the amount of loan to be due within one year in 2021 and the approval from the meeting of the Shareholders. We noted that the proposed annual caps for the Deposit Services for the Relevant Period are determined by the Company based on operations and future business expansion of the Group.

After considering the historical maximum daily balance of deposits and interest income placed by the Group with the CGN Group, the operation of the Group for the two years ended December 31, 2020 and the business operation of the Group in the Relevant Period, we are of the view that the proposed annual caps for the Deposit Services for the Relevant Period are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

4.2 The Loan Services

The table below sets out (i) the historical maximum daily balance of the loans for the three years ended December 31, 2020; and (ii) the proposed annual caps for the Loan Services for the Relevant Period.

	Proposed annual caps					
	Historical amounts for the			2021.12.10	2022.1.1	2023.1.1
	year ended December 31,			–	–	–
	2018	2019	2020	2021.12.31	2022.12.31	2023.12.31
	(RMB	(RMB	(RMB	(RMB	(RMB	(RMB
	million)	million)	million)	million)	million)	million)
Maximum daily						
balance of the loans						
provided/to be provided						
by the CGN Group to						
the Group	17,328.05	22,437.76	25,305.90	32,500.00	34,000.00	35,500.00

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As shown in the above table, the maximum daily balance of loans provided by the CGN Group to the Group for the year ended December 31, 2019 represented an increase of approximately 29.49% as compared to that for the year ended December 31, 2018 while the maximum daily balance of loan provided by the CGN Group to the Group for the year ended December 31, 2020 represented an increase of approximately 12.78% as compared to that for the year ended December 31, 2019.

According to the 2019 Annual Report, the total borrowings of the Group was approximately RMB222,716.8 million and RMB213,002.3 million as at December 31, 2018 and December 31, 2019 respectively. According to the 2020 Annual Result Announcement, the total borrowings of the Group was approximately RMB207,445.4 million as at December 31, 2020. Thus the funding needs of the Group as at December 31, 2018, 2019 and 2020 were higher than the maximum daily balance of the loans provided by CGN Group to the Group. Moreover, as stated in the Letter from the Board, approximately 8.43%, 9.11% and 11.90% of the Group's borrowings was provided by the CGN Group to the Group for the years ended December 31, 2018, December 31, 2019 and December 31, 2020 based on the maximum daily balance of borrowings for the corresponding periods.

The representative of the Company advised that the proposed annual caps for the Loan Services for the Relevant Period was determined with reference to the expected loan demand of the Group for the Relevant Period which was based on the amount of loans of certain existing nuclear power units of the Group to be repaid during the Relevant Period and the cost of construction plan of two nuclear power units which are in the equipment installation phase for the Relevant Period.

Moreover, according to the historical amount of loans and advances provided by the Financial Service Providers under CGN to its clients in 2020, the Financial Service Providers under CGN can meet the loan demand of the Group for the Relevant Period.

The representative of the Company advised that the deposits to be placed by the Group with the CGN Group for the Relevant Period represent cash generated from its operating revenue, which will be mainly used for its daily operations for the Relevant Period while the loans to be provided by the CGN Group to the Group for the Relevant Period will be used to repay loans of the Group and pay the cost of the construction plan of the Group for the Relevant Period. After considering (i) the historical funding needs of the Group as at December 31, 2018, 2019 and 2020; (ii) the expected loan demand of the Group for the Relevant Period; (iii) the ability of the Financial Service Providers under CGN to provide the Loan Services; (iv) the different uses of the Deposit Services and the Loan Services; and (v) the terms of the Loan Services are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the proposed annual caps for the maximum daily balance of loans will better accommodate the funding requirement of the Group and provide an option for the Group to flexibly fulfill its funding needs in the future, we are of the view that the proposed

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annual caps for the Loan Services for the Relevant Period are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Shareholders should note that as the Proposed Annual Caps are relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to December 31, 2023, and they do not represent forecasts of the deposit to be placed by and the loan to be provided to the Group under the 2021-2023 Financial Services Framework Agreement. Consequently, we express no opinion as to how closely the actual deposit to be placed by and the loan to be provided to the Group under the 2021-2023 Financial Services Framework Agreement will correspond with the respective Proposed Annual Caps.

5. Internal Control Measures

We have obtained 關連交易管理制度 (the connected transactions management rules*) and 關連交易管理流程 (the connected transactions management procedures*) of the Company which set out the guidelines for conducting connected transactions and the responsibilities of the responsible departments of the Group. The finance department of the Group is responsible for collecting the amount of continuing connected transactions and the secretary to the Board is responsible for supervising the implementation of the continuing connected transactions and monitoring that the caps will not be exceeded.

According to 關連交易管理流程 (the connected transactions management procedures*) of the Company, the department of finance and securities transaction management of the Group is responsible for overseeing the caps. If the transaction amount of the continuing connected transactions reaches 80% of the caps, 商務部門 (the business department*) of the Group should implement steps to prevent the exceed of the caps. Moreover, CGN Finance should submit a monthly report of the Deposit Services and the Loan Services to the Company stating, including but not limited to, the balances of the Deposit Services and the Loan Services and the percentages to their respective caps and whether the pricing policies of the Deposit Services and the Loan Services had been adhered to. We have obtained and reviewed four monthly reports in 2020 and noted that the four reports contained the above information.

According to 關連交易管理制度 (the connected transactions management rules*), the internal audit department of the Group should periodically review the management of the connected transactions. We have obtained and reviewed four reports prepared by the department of finance and securities transaction management of the Group in 2020 and noted that the internal audit department of the Group reviewed, among others, whether the pricing policies of the selected major connected transactions had been strictly adhered to and the annual caps were not exceeded under the review period.

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Moreover, as stated in the 2019 Annual Report, the independent non-executive Directors have examined the specific implementation of the continuing connected transactions and confirmed that, among others, transactions were carried out in accordance with the relevant framework agreements in respect thereof, the terms of which were fair and reasonable and in the interest of the Shareholders as a whole. As stated in the 2019 Annual Report, a letter from the auditors of the Group stated that the auditors of the Group were of the views that, among others, (i) the relevant continuing connected transactions were conducted pursuant to the relevant framework agreements governing those transactions; and (ii) the relevant continuing connected transactions did not exceed the respective annual caps applicable to such transactions.

Based on the above, we consider that the internal control of the Group is sufficient in place to ensure the Deposit Services and the Loan Services are conducted in accordance with the terms of the framework agreements, including the pricing policies are followed and the annual caps are not exceeded.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the Deposit Services and the Loan Services are entered in the ordinary and usual course of business of the Company, the terms of the Deposit Services and the Loan Services are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and the Deposit Services and the Loan Services are in the interests of the Company and the Shareholders as a whole and the Proposed Annual Caps are fair and reasonable. Accordingly, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the ordinary resolution in this regard.

Yours faithfully,
For and on behalf of
TC Capital International Limited
Edward Wu
Chairman

Note: Mr. Edward Wu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2005. He has participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong.

*The English translation of the Chinese name(s) in this letter, where indicated with * is included for information purpose only and should not be regarded as the official English name(s) of such Chinese name(s).*

The dividend distribution plan for the three years after the offering and listing of A shares (the “**Original Plan**”) was approved at the general meeting of the Company in April 2018. The profit distribution policy of the Company upon listing was set out in the Articles of Association and the A-share prospectus. According to the requirements of formulation cycle of the dividend distribution plan in the Original Plan that “the Company should review its dividend distribution plan at least once every three years”, the Company has formulated the dividend distribution plan for the coming five years (2021-2025) (the “**Dividend Distribution Plan**”), so as to further enhance the transparency of cash dividends and provide investors with stable dividend returns, details of which are set out as follows:

I. CONSIDERATIONS OF THE DIVIDEND DISTRIBUTION PLAN

The Company aims at long-term sustainable development. Taking full account of the actual conditions of business operations of the Company, reasonable requests from the Shareholders, cost of capital in the society, external financing environment and other factors, the Company prudently put forward the Dividend Distribution Plan in accordance with the Articles of Association, after earnestly listening to the requests and wishes of independent Directors, Supervisors and minority shareholders and considering the Company’s existing and future revenue size, cash flows, development stages and external financing environment.

II. PRINCIPLES OF THE DIVIDEND DISTRIBUTION PLAN

The Company will adopt sustainable and stable profit distribution policies. Profit distribution by the Company shall attach great importance to reasonable investment returns of the investors and normal operation and sustainable development of the Company. Profit distribution shall never exceed the limit of accumulated distributable profits, nor shall it damage the Company’s ability to continue as a going concern. The Dividend Distribution Plan of the Company shall give sufficient consideration to the views of Shareholders and independent Directors, in particular that of minority shareholders. During any three consecutive years, accumulated profits distributed in cash should not be less than 30% of the average annual distributable profits for the period concerned.

III. DIVIDEND DISTRIBUTION PLAN FOR THE COMING FIVE YEARS (2021-2025)

1. Profit distribution by the Company shall attach great importance to reasonable investment returns of the investors. The Company may implement profit distribution by cash, shares or the combination of both or other means permitted by laws and regulations, and accord priority to cash dividends.
2. Under the premise of compliance with the principles of profit distribution and safeguarding the normal operation and long-term development of the Company, the Company shall carry out profit distribution once a year in principle (including cash dividends). The Board may propose interim or quarterly profit distribution (including cash dividends) based on the earnings and capital needs of the Company.

Specific profit distribution plan for each year should take into full account of the Company's earnings, business development planning, external financing environment and other factors and shall be proposed by the Board at general meetings.

3. Under the premise that the Shareholders are rewarded with reasonable cash dividends and suitable capital scale is maintained, the Company should take into full account of its future growth, dilution of net asset value per share and other factors when distributing profits by the means of stock dividends.
4. The Company will continue to focus on cash dividends and shareholder returns. Unless there are major changes in the Group's business, operating performance and financial position, and subject to the approval at the relevant annual general meeting, based on the dividend ratio for 2020, proportion of dividends in the coming five years (2021-2025) will maintain a moderate increase.

IV. DECISION-MAKING AND SUPERVISION MECHANISM OF THE COMPANY'S PROFIT DISTRIBUTION

The Company's annual profit distribution plan is proposed by the Board in accordance with the Company's earnings, business development planning, shareholder returns, capital needs, cost of capital in the society, and external financing environment and in accordance with the Articles of Association. The profit distribution plan shall be submitted to the general meeting for consideration and decision after being reviewed and approved by the Board of the Company.

When the Board considers the profit distribution plan, it must be approved by a majority vote of all Directors, and independent Directors shall give clear and independent opinions on the profit distribution plan. The Company shall record in detail the management recommendations of the profit distribution plan, the key points of the Directors' speeches, and the voting by the Board during its review by the Board, and keep them as company files.

Before the profit distribution plan is considered at the general meeting, the Company shall communicate and exchange ideas through multiple channels with shareholders (minority shareholders in particular), listen fully to the opinions and demands of minority shareholders, and give timely replies to issues that concern minority shareholders. The Company shall provide Shareholders with the online voting platform for voting. The profit distribution plan must be approved by more than half of the voting rights held by the Shareholders (including their proxies) attending the general meeting.

The Supervisory Committee shall review the profit distribution plan and issue written opinions. It shall supervise the formulation and decision-making procedures of the Company's profit distribution plan conducted by the Board.

If the Company needs to adjust its profit distribution policies (including cash dividend policies) due to major changes in the external operating environment or its own operating conditions, the adjusted profit distribution policies (including cash dividend policies) shall not violate the relevant requirements of relevant laws and regulations, regulatory documents and the Articles of Association and relevant undertaking of the A-share prospectus and the Original Plan. When the Company adjusts its profit distribution policies (including cash dividend policies), the Board shall demonstrate the reasons for the adjustment in details and form a written demonstration report. Independent Directors and the Supervisory Committee shall express clear opinions. After the Company's proposal to adjust its profit distribution policies (including cash dividend policies) is reviewed and approved by the Board, it shall be submitted to the Company's general meeting for consideration and approval by more than two-thirds of the voting rights held by the Shareholders (including their proxies) attending the general meeting.

V. SUPPLEMENTARY PROVISIONS

This plan is formulated and interpreted by the Board of the Company, and will take effect after being approved by the Board of the Company and the general meeting. Matters not covered in this plan shall be executed in accordance with relevant laws, regulations, rules, regulatory documents and the Articles of Association.

1. THE GROUP'S AUDITED CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE YEARS ENDED DECEMBER 31, 2020

Financial information of the Group for the three years ended December 31, 2018, 2019 and 2020 are disclosed in the annual reports of the Company for the years ended December 31, 2018, 2019 and 2020 respectively, and there was no qualified audit opinion expressed on the financial statements of the Group for the three years ended December 31, 2018, 2019 and 2020.

The unaudited consolidated interim financial results of the Group for the six months ended June 30, 2020 are disclosed in the interim report of the Company for the six months ended June 30, 2020.

The said annual reports and interim report of the Company are published on both the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company.

2. STATEMENT OF INDEBTEDNESS**Bank borrowings**

As at the close of business on February 28, 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had aggregate outstanding bank borrowings of approximately RMB175,557,415,331.93, details of which are set out below:

	<i>RMB'000</i>
Bank borrowings, unsecured and guaranteed	3,000,000.00
Bank borrowings, unsecured and unguaranteed	25,783,100.63
Bank borrowings, secured and unguaranteed (<i>Note</i>)	<u>146,774,314.70</u>
	<u><u>175,557,415.33</u></u>

Note: The Group pledged certain property, plant and equipment, prepaid lease payments, trade receivables representing tariff collection rights for such credit facilities granted to the Group.

Loans from fellow subsidiaries/an associate/ultimate holding company

As at the close of business on February 28, 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had aggregate outstanding loans from the Related Parties of approximately RMB15,535,353,522.76, details of which are set out below:

	<i>RMB'000</i>
Loans from fellow subsidiaries, unsecured and unguaranteed	671,439.00
Loans from an associate, unsecured and unguaranteed	11,744,070.00
Loans from ultimate holding company, unsecured and unguaranteed	800,000.00
Loans from an associate, secured and unguaranteed (<i>Note</i>)	2,319,844.52
	<u>15,535,353.52</u>

Note: The Group pledged trade receivables representing tariff collection rights for such loans granted to the Group.

Debt securities

As at the close of business on February 28, 2021, the debt securities issued and have not yet redeemed by the Group are set out below:

Name of bonds	Face value <i>RMB'000</i>	Issue date	Term	Carrying Amounts (As at February 28, 2021) <i>RMB'000</i>
07 CGN Debt	2,000,000	20/12/2007	15 years	2,000,000.00
18 CGN Power MTN001	1,000,000	24/04/2018	3 years	999,952.36
18 CGN Power MTN002	1,000,000	24/04/2018	3 years	999,952.90
18 CGN Power MTN003	1,000,000	21/08/2018	3 years	999,606.37
18 CGN Power MTN004	1,000,000	17/10/2018	3 years	999,421.95
19 CGN Power MTN001	1,500,000	18/01/2019	3 years	1,498,897.11
19 CGN Power MTN002	1,500,000	22/07/2019	3 years	1,498,105.08
20 CGN Power MTN001	2,500,000	26/08/2020	3 years	2,493,700.02
				<u>11,489,635.78</u>

Hire purchases commitments

As at the close of business on February 28, 2021, the hire purchases commitments of the Group amounted to approximately RMB741,492,218.47.

Pledged assets

The Group pledged certain properties, plant and equipment, prepaid lease payments and trade receivables representing tariff collection rights for credit facilities granted to the Group. As at February 28, 2021, the book value of the pledged assets of the Group was approximately RMB20,744,328,296.55 in aggregate.

Save as aforesaid or as otherwise disclosed herein, the Group did not have any loan capital issued and outstanding or agreed to be issued, outstanding bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, charges, hire purchases commitments, guarantees or other contingent liabilities as at the close of business on February 28, 2021.

Contingent Liabilities

Save as disclosed in this circular, the Group has no other material contingent liabilities. The Group is not involved in any current material legal proceedings, nor is the Group aware of such material legal proceedings. The Group would record any loss contingencies when, based on information then available, it is probable that a loss had been incurred and the amount of the loss can be reasonably estimated. The Group confirms that there has not been any material change in the level of its contingent liabilities since December 31, 2020 up to the Latest Practicable Date.

3. STATEMENT OF SUFFICIENCY OF WORKING CAPITAL

Taking into account the expected financial resources available to the Group including the internally generated funds and the available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its requirements, that is for at least the next 12 months from the date of this circular.

4. EFFECT OF THE 2021-2023 FINANCIAL SERVICES FRAMEWORK AGREEMENT ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

For the transactions under the 2021-2023 Financial Services Framework Agreement, the Company considered that: (i) the service fees for settlement, entrusted loans and other financial services provided by the Financial Service Providers under CGN will not be higher than those charged by independent commercial banks or financial institutions; (ii) the interest rates of the deposits placed by the Group with CGN Finance will not be lower than the interest rates for deposits of a similar type for the same period offered by the Big Four Commercial Banks to the Group; and (iii) the Group may obtain financial assistance from CGN Finance and the relevant interest rates shall not be less favorable than the interest rates of comparable loans offered to the Group by independent commercial banks or financial institutions. The Company is of the view that the transactions under the 2021-2023 Financial Services Framework Agreement will not have any material impact on the earnings, assets and liabilities of the Group.

5. THE FINANCIAL AND TRADING PROSPECTS OF THE GROUP

On September 22, 2020, President Xi Jinping proposed at the 75th session of the United Nations General Assembly that “China will scale up its Intended Nationally Determined Contributions by adopting more vigorous policies and measures. We aim to achieve CO₂ emissions peak before 2030 and carbon neutrality before 2060”, further accelerating the progress of energy production and consumption revolutions. At the fourth session of the 13th National People’s Congress held on March 5, 2021, the Government Work Report (《政府工作報告》) pointed out that the government will “take solid steps towards the goals of achieving peak carbon dioxide emissions and carbon neutrality” and “take active and well-ordered steps to develop nuclear energy on the basis of ensuring its safe use”. We believe that in the 14th five-year (the “**14th Five-Year**”, i.e. from 2021 to 2025) of the national economic and social development and in the medium to long run, nuclear power, as a clean, stable and efficient energy source, will have a more specific position and a more prominent role in the energy structure of the PRC. The State Council approved Zhejiang San’ao Nuclear Power Plant Phase I (i.e. Cangnan Nuclear Power Project) and Hainan Changjiang Nuclear Power Plant Phase II for the construction of two HPR1000 nuclear power generating units for each of the projects on September 2, 2020. The national policy on developing nuclear power in the medium and long run remains unchanged. The development of the nuclear power industry is still and will be in a strategic opportunity period.

On June 16, 2020, the China Nuclear Energy Association published the Report on the Development of China's Nuclear Energy 2020 (《中國核能發展報告(2020)》). In the report, it is estimated that the installed nuclear power capacity in operation and under construction of the PRC will reach 70 GW and 30 GW by 2025, respectively, and the total installed nuclear power capacity in operation and under construction will reach 200 GW by 2035. It is expected that nuclear power construction will make steady progress of having six to eight new generating units each year. In addition, according to the report, in view of the rapid development of clean energy such as wind and photovoltaics, stable base load power sources are required to complement such development. Nuclear power is a base load power source that can replace traditional fossil fuels on a large scale and can complement and synergize with clean energy such as wind and photovoltaics. According to the statistics from the 2020 National Power Industry Statistics Overview (《2020年全國電力工業統計快報》) issued by the China Electricity Council (the “CEC”), as of December 31, 2020, the installed capacity of nuclear power generating units in operation was 49.89 GW in the PRC (excluding Taiwan region), accounting for 2.3% of the installed capacity of power generation for the whole country. The proportion of nuclear power remains small in our national energy structure. We believe that the scope for development and the market prospects of the domestic nuclear power development are still broad.

In the beginning of 2020, the sudden COVID-19 outbreak dealt a heavy blow on the PRC's economic and social development. With the effective decision and deployment with respect to pandemic prevention and control in the PRC, the national economy continued to improve steadily, and the order of production and life restored steadily as well. According to the statistics from the CEC, in 2020, the electricity consumption in the PRC increased by 3.1% over the corresponding period of previous year. The balance between supply and demand of the power supply in the PRC changed from loose in general to balance in general. The national average utilization hours of power generating units were 3,758 hours, representing a year-on-year decrease of 70 hours. The national average utilization hours of nuclear power were 7,453 hours, representing a year-on-year increase of 59 hours.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong 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 this 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 herein or this circular misleading.

2. DISCLOSURE OF DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE' INTEREST

As of the Latest Practicable Date, none of the Directors, Supervisors or the chief executive of our Company had any interest and/or short position in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules to be notified to our Company and the Hong Kong Stock Exchange.

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as the Directors are aware, as of the Latest Practicable Date, the following persons had or were deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital of our Company carrying rights to vote in all circumstances at general meeting of our Company:

Shareholder	Capacity/Nature of Interest	Number/ Class of Shares	Approximate % in the Relevant Class of Share (%)	Approximate % of issued Shares of the Company (%)
CGN	Beneficial owner	29,176,641,375 A Shares (L) 194,286,000 H Shares (L)	74.17 1.74	57.78 0.38

Shareholder	Capacity/Nature of Interest	Number/ Class of Shares	Approximate % in the Relevant Class of Share (%)	Approximate % of issued Shares of the Company (%)
Guangdong Hengjian Investment Holdings Co., Ltd.	Beneficial owner	3,428,512,500 A Shares (L)	8.72	6.79
China Life Insurance Company Limited	Beneficial owner	1,452,114,000 H Shares (L)	13.01	2.88
National Council for Social Security Fund	Beneficial owner	773,468,000 H Shares (L)	6.93	1.53
Barings LLC	Investment manager	773,344,000 H Shares (L)	6.93	1.53

Notes:

- (1) (L) denotes long position.
- (2) As at the Latest Practicable Date, none of the Directors is a director or employee of a company which had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of our Group since December 31, 2020, being the date to which the latest published audited financial statements of our Group were made up.

5. MATERIAL ACQUISITION

During the period subsequent to December 31, 2020 (being the date to which the latest published audited financial statements of our Company were made up) and up to the Latest Practicable Date, none of the subsidiaries of our Group had acquired or agreed to acquire or was proposing to acquire a business or an interest in the share capital of a company whose assets and profits make or would make a material contribution to the figures in the auditor's report or in the next published accounts of our Company.

6. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors or Supervisors had entered, or proposed to enter, into a service contract with any member of the Group, other than service contracts expiring or terminable by the relevant member of the Group within one year without payment of compensation other than statutory compensation.

7. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS

As of the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since December 31, 2020, being the date to which the latest published audited financial statements of our Group were made up.

8. DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

None of the Directors or Supervisors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date which is significant in relation to the business of the Group.

9. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of the Latest Practicable Date, save as disclosed below and so far as the Directors were aware, none of the Directors and their respective close associates had interest in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of our Group.

Name of Director	Position in our Company	Other Interests
Mr. Yang Changli	Chairman of the Board and non-executive Director	Chairman and general manager of CGN
Mr. Gao Ligang	Executive Director	Chairman of the board of General Nuclear System Limited
Mr. Shi Bing	Non-executive Director	Deputy general manager of CGN

10. LITIGATION

As of the Latest Practicable Date, no subsidiary of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any subsidiary of the Group.

11. EXPERT AND CONSENTS

The following are the qualifications of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
TC Capital International Limited	Licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

The expert referred to above has given and has not withdrawn its written consent to the issue of this circular with the expert's statement included in the form and context in which it is included.

To the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, none of the experts referred to above had any shareholding in any subsidiary of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any subsidiary of our Group.

As at the Latest Practicable Date, none of the expert referred to above, directly or indirectly, had any interest in any assets which had since December 31, 2020 (being the date to which the latest published audited financial statements of our Company were made up) been acquired or disposed of by or leased to any subsidiary of the Group, or were proposed to be acquired or disposed of by or leased to any subsidiary of the Group.

12. MATERIAL CONTRACTS

The 2021-2023 Financial Services Framework Agreement (not being entered into the ordinary course of business) has been entered into by the Group within two years immediately preceding the date of this circular and which is or may be material.

13. GENERAL

- (a) The joint company secretaries of our Company are Mr. Yin Engang and Mr. Lee Kwok Fai Kenneth. Mr. Lee Kwok Fai Kenneth is a Hong Kong Certified Public Accountant, a U.S. Certified Public Accountant and a Chartered Financial Analyst.
- (b) The registered address of our Company as registered with the Administration for Industry and Commerce is at 18/F, South Tower, CGN Building, No. 2002 Shennan Road, Shenzhen.
- (c) The address of the H Share Registrar, Computershare Hong Kong Investor Services Limited, and transfer office of our Company in Hong Kong is at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

- (d) All references to times in this circular refer to Hong Kong times.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the headquarters and principal place of business of our Company in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong from the date of this circular up to 14 days thereafter:

- (a) the Articles of Association of the Company;
- (b) the 2021-2023 Financial Services Framework Agreement;
- (c) the letter from the Board, the text of which is set out on pages 7 to 37 of this circular;
- (d) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out from pages 38 to 39 of this circular;
- (e) the letter from the Independent Financial Advisor, the text of which is set out from pages 40 to 53 of this circular;
- (f) the written consent referred to in paragraph headed “11. Expert and Consents” in this appendix;
- (g) the material contracts as referred to in the paragraph headed “12. Material Contracts” in this appendix;
- (h) the annual reports of the Company for each of the years ended December 31, 2019 and 2020; and
- (i) this circular.

This explanatory statement contains all the information required pursuant to Rule 10.06 (1)(b) of the Hong Kong Listing Rules to be given to the Shareholders of the Company relating to the proposed Repurchase Mandate which is set out as follows:

1. REASONS FOR REPURCHASE OF SHARES

To enable the Board to repurchase shares within a short period of time in appropriate circumstances to seek the best interests of the Company and its Shareholders and to protect the interests of investors, it is proposed that a general mandate be granted to the Board to repurchase shares (including both domestic A Shares and/or overseas H Shares). Such repurchases will, depending on market conditions, be made when the Directors believe that such repurchases will benefit the Company and its Shareholders as a whole.

2. NUMBER OF SHARES PROPOSED TO BE REPURCHASED

As at the Latest Practicable Date, the total number of issued Shares was 50,498,611,100 Shares, comprising 39,334,986,100 A Shares and 11,163,625,000 H Shares. Subject to the passing of the resolutions granting the H Share Repurchase Mandate and the A Share Repurchase Mandate and on the basis that no further H Shares or A Shares are issued or repurchased prior to the 2020 AGM, if repurchased in full, the number of Shares that may be repurchased shall not exceed 5,049,861,110 Shares, of which the number of A Shares that may be repurchased shall not exceed 3,933,498,610 Shares and the number of H Shares that may be repurchased shall not exceed 1,116,362,500 Shares, representing approximately 10% of the A Shares and approximately 10% of the H Shares in issue as at the date of the notice of the 2020 AGM, respectively. The specific number of shares to be repurchased shall be subject to the actual number of shares to be repurchased at the expiry of the repurchase period.

3. SOURCE OF FUNDING

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the PRC and the Hong Kong Listing Rules, as the case may be. The Directors propose that such share buy-backs, if and when effected, would be appropriately financed by the Company's internal resources.

4. EFFECT ON WORKING CAPITAL

As compared with the financial position of the Company as at December 31, 2020 (being the date to which the latest audited accounts of the Company have been made up), the Directors consider that there would not be a material adverse impact on the working capital or the gearing position of the Company in the event that the domestic A Share Repurchase Mandate and the overseas H Share Repurchase Mandate were to be exercised in full during the proposed repurchase period.

5. MARKET PRICES ON THE STOCK MARKET

Year	Month	A Shares		H Shares	
		Maximum	Minimum	Maximum	Minimum
		<i>RMB</i>	<i>RMB</i>	<i>HKD</i>	<i>HKD</i>
2020	January	3.76	3.51	2.13	1.89
	February	3.45	2.95	2.02	1.86
	March	3.25	2.89	1.97	1.50
	April	2.96	2.80	2.00	1.70
	May	2.97	2.80	2.01	1.67
	June	3.12	2.82	1.79	1.59
	July	3.35	2.94	1.82	1.61
	August	3.14	2.98	1.77	1.62
	September	3.07	2.84	1.70	1.58
	October	2.93	2.72	1.73	1.57
	November	2.85	2.66	1.76	1.62
	December	2.93	2.72	1.81	1.56
2021	January	2.98	2.72	1.98	1.63
	February	2.79	2.60	1.83	1.63
	March	2.99	2.75	1.96	1.72
	April (up to the Latest Practicable Date)	2.85	2.81	1.88	1.83

6. EFFECT OF THE TAKEOVERS CODE

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors exercising the powers of the Company to repurchase domestic A Shares and/or overseas H Shares pursuant to the specific approval, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a mandatory offer for Shares under Rule 26 of the Takeovers Code.

As at the Latest Practicable Date and to the best knowledge of the Directors, CGN (as the controlling shareholder) and its associates directly held 29,370,927,375 Shares, representing approximately 58.16% of the Shares. If the specific approval is exercised in full, the interest of CGN Group in the Company will increase to up to approximately 64.62%. In the opinion of the Directors, such an increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

Save as the aforesaid, the Directors are currently not aware of any consequences which will arise under the Takeovers Code and/or any similar applicable laws and regulations as far as the Directors are aware, as a result of any repurchases of overseas H Shares and/or domestic A Shares pursuant to the offshore H Share Repurchase Mandate and/or the domestic A Share Repurchase Mandate.

7. STATUS OF REPURCHASED H SHARES

The Hong Kong Listing Rules provide that the listing of all the H Shares repurchased by the Company shall automatically be cancelled and the relevant share certificates shall be cancelled and destroyed. Under the laws of the PRC, the H Shares repurchased by the Company will be cancelled in accordance with the Articles of Association, and the Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled.

8. SECURITIES REPURCHASE MADE BY THE COMPANY

During the six months immediately preceding the Latest Practicable Date, the Company had not purchased any domestic A Shares and/or overseas H Shares (whether on the Hong Kong Stock Exchange or otherwise).

9. GENERAL INFORMATION

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Hong Kong Listing Rules) have any present intention to sell any Shares to the Company in the event that the proposed share repurchase and the granting of the Repurchase Mandate to repurchase domestic A Shares and/or overseas H Shares are approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Hong Kong Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the proposed share repurchase and the granting of the Repurchase Mandate to repurchase domestic A Shares and/or overseas H Shares are approved by the Shareholders.

The Directors have undertaken to the Hong Kong Stock Exchange to exercise the power of the Company to repurchase Shares pursuant to the proposed share repurchase and the granting of the Repurchase Mandate to repurchase domestic A Shares and/or overseas H Shares in accordance with the Hong Kong Listing Rules and the applicable laws and regulations of the PRC.

NOTICE OF 2020 ANNUAL GENERAL MEETING



CGN Power Co., Ltd. *
中國廣核電力股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1816)

NOTICE OF 2020 ANNUAL GENERAL MEETING

NOTICE IS HERBY GIVEN THAT the 2020 annual general meeting (the “AGM”) of CGN Power Co., Ltd. (the “Company”) will be held at 2:30 p.m. on Wednesday, May 26, 2021 at Room 401, South Tower, CGN Building, No. 2002 Shennan Road, Shenzhen, Guangdong Province, the PRC for the purpose of considering and, if thought fit, passing the following resolutions:

Ordinary Resolutions

1. To consider and approve the report of the Board of Directors for the year ended December 31, 2020.
2. To consider and approve the report of the Supervisory Committee for the year ended December 31, 2020.
3. To consider and approve the annual report for the year 2020.
4. To consider and approve the audited financial report for the year ended December 31, 2020.
5. To consider and approve the profit distribution plan for the year ended December 31, 2020.
6. To consider and approve the dividend distribution plan for the coming five years (2021-2025).
7. To consider and approve the investment plan and capital expenditure budget for the year 2021.
8. To consider and approve the appointment of KPMG Huazhen LLP as the financial report auditor of the Company for the year 2021 until the end of the next annual general meeting of the Company, and to authorize the Board to determine its remuneration.

NOTICE OF 2020 ANNUAL GENERAL MEETING

9. To consider and approve the appointment of Pan-China Certified Public Accountants LLP as the internal control auditor of the Company for the year 2021 until the end of the next annual general meeting of the Company, and to authorize the Board to determine its remuneration.
10. To consider and approve the appointment of a non-executive Director.
11. To consider and approve the remuneration of Directors and Supervisors for the year 2021.
12. To consider and approve the major transactions and continuing connected transactions – 2021-2023 Financial Services Framework Agreement.

Special Resolutions

13. To consider and approve the application for unified registration of multi-type debt financing instruments.
14. To consider and approve the grant of the general mandate to the Board of Directors for allotting, issuing and dealing with additional A Shares and/or H Shares during the relevant period.
15. To consider and approve the grant of the general mandate to the Board of Directors for repurchasing A Shares and/or H Shares of the Company during the relevant period.

By order of the Board
CGN Power Co., Ltd.*
Yin Engang
*Chief Financial Officer, Joint
Company Secretary and Board Secretary*

The PRC, April 9, 2021

As of the date of this notice, the Board of the Company comprises Mr. Gao Ligang and Mr. Jiang Dajin as executive Directors; Mr. Yang Changli, Mr. Shi Bing and Mr. Gu Jian as non-executive Directors; Mr. Li Fuyou, Mr. Yang Jiayi and Mr. Xia Ceming as independent non-executive Directors.

* For identification purpose only

NOTICE OF 2020 ANNUAL GENERAL MEETING

Notes:

- a) All resolutions put to the vote at the AGM will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to purely a procedural or administrative matter to be voted on by a show of hands in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (the “**Hong Kong Listing Rules**”), and the results of the poll will be published on the websites of the Hong Kong Stock Exchange and the Company in accordance with the Hong Kong Listing Rules.

- b) Closure of register of members and eligibility for attending and voting at the AGM

In order to determine the list of Shareholders who are entitled to attend and vote at the AGM, the Company’s register of members will be closed from Monday, April 26, 2021 to Wednesday, May 26, 2021, both days inclusive, during which period no transfer of H Shares of the Company will be effected. The Shareholders whose names appear on the Company’s register of shareholders on Monday, April 26, 2021 shall be entitled to attend and vote at the AGM. In order to be eligible for attending and voting at the AGM, all transfer documents of H Shares together with relevant share certificates and other appropriate documents shall be sent for registration to the H Share Registrar of the Company, namely, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong before 4:30 p.m. on Friday, April 23, 2021.

- c) Reply slip

The Shareholders who intend to attend and vote at the AGM (in person or by a proxy) shall complete the reply slip attached, and return it for registration by hand, by mail or by fax on or before Wednesday, May 5, 2021 to the H Share Registrar of the Company at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong (in case of H Shareholders). Completion and return of the reply slip will not preclude you from attending or voting at the AGM.

- d) Proxy

Any Shareholder entitled to attend and vote at the AGM is entitled to appoint one or more persons (if the Shareholder holds two or more issued shares of the Company with a nominal value of RMB1.00 each), whether such person is a shareholder of the Company or not, as his/her/its proxy or proxies to attend and vote on his/her/its behalf at the AGM.

The proxy concerned must be appointed with a form of proxy. The form of proxy concerned must be signed by the principal or the representative duly authorized in writing by the principal. If the principal is a legal person, the form of proxy shall be affixed with the seal of the legal person or signed by its director or a representative duly authorized in writing. If the form of proxy of the proxy is signed by the authorized person of the principal under a power of attorney or other authorization documents given by the appointer, such power of attorney or other authorization documents shall be notarized, and served at the same time as the form of proxy. The form of proxy of the Shareholders’ proxy shall be served to the H Share Registrar of the Company at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong (in case of H Shareholders) at least 24 hours before the scheduled time for holding of the AGM or any adjournment thereof (as the case may be).

After the completion and return of the form of proxy, you can attend and vote in person at the AGM or any adjournment thereof should you so wish. In this case, the power of attorney will be deemed to have been revoked.

In case of registered joint holders of any Shares, one of the registered joint holders can vote on such Shares in person or by a proxy at the AGM as the only holder entitled to vote. If one or more registered joint holders attend the AGM in person or by a proxy, only the vote of the person whose name appears first in the register of members relating to the joint holders (in person or by a proxy) will be accepted as the only vote of the joint holders.

NOTICE OF 2020 ANNUAL GENERAL MEETING

e) Miscellaneous

- (i) The Company's Shareholders or their proxies shall present their identity documents when attending the AGM (or any adjournment thereof). If the legal representative of corporate Shareholders or any other persons officially authorized by the corporate Shareholders are present at the AGM (or any adjournment thereof), such legal representative or other persons shall present their identity documents and the certifying documents for appointment as a legal representative or valid authorization documents (as the case may be).
- (ii) The AGM is expected to last for no more than a half of a working day. Shareholders and representatives attending the meeting shall be responsible for their own traveling and accommodation expenses.
- (iii) Address of Computershare Hong Kong Investor Services Limited:

17M Floor,
Hopewell Center, No. 183 Queen's Road East,
Wan Chai,
Hong Kong
Tel: (852) 2862 8628
Fax: (852) 2865 0990

Address of the Company's headquarters in the PRC:

18/F, South Tower, CGN Building,
No. 2002 Shennan Road, Shenzhen,
Guangdong Province, PRC
Tel: (86) 755 84430888
Fax: (86) 755 83699089

NOTICE OF THE 2021 FIRST H SHAREHOLDERS' CLASS MEETING



CGN Power Co., Ltd. *
中國廣核電力股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 1816)

NOTICE OF THE 2021 FIRST H SHAREHOLDERS' CLASS MEETING

NOTICE IS HERBY GIVEN THAT the 2021 first H Shareholders' class meeting (the "**H Shareholders' Class Meeting**") of CGN Power Co., Ltd. (the "**Company**") will be held at 3:30 p.m. on Wednesday, May 26, 2021 at Room 401, South Tower, CGN Building, No. 2002 Shennan Road, Shenzhen, Guangdong Province, the PRC for the purpose of considering and, if thought fit, passing the following resolution:

Special Resolution

1. To consider and approve the grant of the general mandate to the Board of Directors for the repurchase of A Shares and/or H Shares of the Company during the relevant period.

By order of the Board
CGN Power Co., Ltd.*
Yin Engang
*Chief Financial Officer, Joint
Company Secretary and Board Secretary*

The PRC, April 9, 2021

As of the date of this notice, the Board of the Company comprises Mr. Gao Ligang and Mr. Jiang Dajin as executive Directors; Mr. Yang Changli, Mr. Shi Bing and Mr. Gu Jian as non-executive Directors; Mr. Li Fuyou, Mr. Yang Jiayi and Mr. Xia Ceming as independent non-executive Directors.

* *For identification purpose only*

NOTICE OF THE 2021 FIRST H SHAREHOLDERS' CLASS MEETING

Notes:

- a) All resolutions put to the vote at the H Shareholders' Class Meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to purely a procedural or administrative matter to be voted on by a show of hands in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (the "**Hong Kong Listing Rules**"), and the results of the poll will be published on the websites of the Hong Kong Stock Exchange and the Company in accordance with the Hong Kong Listing Rules.

- b) Closure of register of members and eligibility for attending and voting at the H Shareholders' Class Meeting

In order to determine the list of Shareholders who are entitled to attend and vote at the H Shareholders' Class Meeting, the Company's register of members will be closed from Monday, April 26, 2021 to Wednesday, May 26, 2021, both days inclusive, during which period no transfer of H Shares of the Company will be effected. The H Shareholders whose names appear on the Company's register of shareholders on Monday, April 26, 2021 shall be entitled to attend and vote at the H Shareholders' Class Meeting. In order to be eligible for attending and voting at the H Shareholders' Class Meeting, all transfer documents of H Shares together with relevant share certificates and other appropriate documents shall be sent for registration to the H Share Registrar of the Company, namely, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on Friday, April 23, 2021.

- c) Reply slip

The H Shareholders who intend to attend and vote at the H Shareholders' Class Meeting (in person or by a proxy) shall complete the reply slip attached, and return it for registration by hand, by mail or by fax on or before Wednesday, May 5, 2021 to the H Share Registrar of the Company at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in case of H Shareholders). Completion and return of the reply slip will not preclude you from attending or voting at the H Shareholders' Class Meeting.

- d) Proxy

Any Shareholder entitled to attend and vote at the H Shareholders' Class Meeting is entitled to appoint one or more persons (if the Shareholder holds two or more issued shares of the Company with a nominal value of RMB1.00 each), whether such person is a shareholder of the Company or not, as his/her/its proxy or proxies to attend and vote on his/her/its behalf at the H Shareholders' Class Meeting.

The proxy concerned must be appointed with a form of proxy. The form of proxy concerned must be signed by the principal or the representative duly authorized in writing by the principal. If the principal is a legal person, the form of proxy shall be affixed with the seal of the legal person or signed by its director or a representative duly authorized in writing. If the form of proxy of the proxy is signed by the authorized person of the principal under a power of attorney or other authorization documents given by the appointer, such power of attorney or other authorization documents shall be notarized, and served at the same time as the form of proxy. The form of proxy of the Shareholders' proxy shall be served to the H Share Registrar of the Company at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in case of H Shareholders) at least 24 hours before the scheduled time for holding of this H Shareholders' Class Meeting or any adjournment thereof (as the case may be).

After the completion and return of the form of proxy, you can attend and vote in person at this H Shareholders' Class Meeting or any adjournment thereof should you so wish. In this case, the power of attorney will be deemed to have been revoked.

In case of registered joint holders of any Shares, one of the registered joint holders can vote on such Shares at this H Shareholders' Class Meeting in person or by a proxy as the only holder entitled to vote. If one or more registered joint holders attend the AGM in person or by a proxy, only the vote of the person whose name appears first in the register of members relating to the joint holders (in person or by a proxy) will be accepted as the only vote of the joint holders.

NOTICE OF THE 2021 FIRST H SHAREHOLDERS' CLASS MEETING

e) Miscellaneous

- (i) The Company's Shareholders or their proxies shall present their identity documents when attending the H Shareholders' Class Meeting (or any adjournment thereof). If the legal representative of corporate Shareholders or any other persons officially authorized by the corporate Shareholders are present at this H Shareholders' Class Meeting (or any adjournment thereof), such legal representative or other persons shall present their identity documents and the certifying documents for appointment as a legal representative or valid authorization documents (as the case may be).
- (ii) The H Shareholders' Class Meeting is expected to last for no more than a half of a working day. Shareholders and representatives attending the meeting shall be responsible for their own traveling and accommodation expenses.
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17M Floor,
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Guangdong Province, PRC
Tel: (86) 755 84430888
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PRE-REGISTRATION FORM FOR ATTENDING THE MEETINGS

Name of the Shareholder	
Number of business license (or number of identity card)	
Number of shares held	
Securities account	
Participant and his/her current location (Province, Municipality)	
Mobile number	
Email address	
Current health condition	
Body temperature and other illnesses	
Personal travel record during a period of past 14 days	
Other circumstances that make the person unsuitable to attend the meetings	
Confirmation of registration (the Company to confirm)	