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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)

CONNECTED TRANSACTION CAPITAL INCREASE IN AN ASSOCIATE BY A SUBSIDIARY

The Board announces that, on August 21, 2019 that CGN Engineering, a subsidiary of the Company, and other existing shareholders of CGN Finance (including CGNPC and its subsidiary CGN Services Group) will increase capital in CGN Finance by cash in proportion to their respective shareholdings. In particular, CGN Engineering will pay RMB120 million out of its own fund. Upon Completion of the Capital Increase, the registered capital of CGN Finance will be increased from RMB2.6 billion to RMB3.0 billion, and CGN Engineering will still directly hold an aggregate of 30% equity interest in CGN Finance.

As at the date of this announcement, CGNPC is the Controlling Shareholder of the Company holding approximately 64.20% of the issued capital of the Company and therefore a connected person of the Company. CGN Finance is a 66.66% owned subsidiary of CGNPC and is an associate of CGNPC and therefore a connected person of the Company under Rule 14A.13 of the Listing Rules. Accordingly, the Capital Increase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Capital Increase exceed 0.1%, but are less than 5%, such transactions are therefore subject to the announcement and annual reporting requirements but exempt from independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules. As Mr. Zhang Shanming, Mr. Tan Jiansheng and Mr. Shi Bing, all being Directors of the Company, are also directors and/or senior management members of CGNPC, they are deemed to be materially interested in the Capital Increase. They have abstained from voting in respect of the relevant resolution to approve the Capital Increase at the board meeting. Save as aforesaid, no other Directors have any material interest in the Capital Increase.

Capital Increase

The Board announces that, on August 21, 2019 that CGN Engineering, a subsidiary of the Company, and other existing shareholders of CGN Finance (including CGNPC and its subsidiary CGN Services Group) will increase capital in CGN Finance by cash in proportion to their respective shareholdings. In particular, CGN Engineering will pay RMB120 million out of its own

fund. Upon Completion of the Capital Increase, the registered capital of CGN Finance will be increased from RMB2.6 billion to RMB3.0 billion, and CGN Engineering will still directly hold an aggregate of 30% equity interest in CGN Finance.

The Capital Increase shall be subject to (i) the approval of the shareholders' meeting of CGN Finance, and (ii) obtaining the approval of relevant government authorities for the Capital Increase by CGN Finance.

THE AMOUNT OF AND PARTIES INVOLVED IN THE CAPITAL INCREASE

Upon Completion of the Capital Increase, the registered capital of CGN Finance will be increased by RMB400 million from RMB2.6 billion to RMB3.0 billion. The respective parties and amounts to be contributed to the Capital Increase are set out below:

Parties	Registered capital before Completion of the Capital Increase (RMB)	Shareholding Percentage before Completion of the Capital Increase	Amount to be contributed to the Capital Increase (RMB)	Registered capital after Completion of the Capital Increase (RMB)	Shareholding Percentage after Completion of the Capital Increase
CGN Engineering	780,000,000.00	30.00%	120,000,000.00	900,000,000.00	30.00%
CGNPC	1,733,085,715.00	66.66%	266,714,285.00	1,999,800,000.00	66.66%
CGN Services Group	86,914,285.00	3.34%	13,285,715.00	100,200,000.00	3.34%
Total	<u>2,600,000,000.00</u>	<u>100%</u>	<u>400,000,000.00</u>	<u>3,000,000,000.00</u>	<u>100%</u>

PAYMENT METHOD

After the Capital Increase has been approved, shareholders of CGN Finance will pay the agreed amount under the Capital Increase in cash within 100 business days.

PURPOSE OF THE CAPITAL INCREASE AND ITS EFFECT ON THE COMPANY

CGN Finance used to distribute 100% dividend out of undistributed profit of the preceding year during past years, and CGN Engineering has been receiving good investment income continuously after acquiring equity interest in CGN Finance. Through the Capital Increase, CGN Finance can further increase its capital adequacy ratio, enhance its ability to resist risks, enhance the capacity for sustainable development, so as to ensure the stability of equity investment income of CGN Engineering and help to further enhance the protection of the Company's deposit in CGN Finance. Upon Completion of the Capital Increase, CGN Engineering will still hold a 30% direct interest in CGN Finance. The Capital Increase will have no significant effect on the financial position of the Company.

The Directors (including independent non-executive Directors) are of the view that the terms of the Capital Increase are entered into on normal commercial terms which are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

Our Group

Our Group mainly constructs, operates and manages nuclear power stations, sells electricity generated by these stations, and organizes and launches the design of and scientific research projects for nuclear power stations.

CGNPC

Founded on September 29, 1994, CGNPC is a large clean energy enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China. CGNPC Group is principally engaged in the generation and sale of electricity, construction, operation and management of nuclear power projects and non-nuclear clean energy projects. As at the date of this announcement, CGNPC holds approximately 64.20% of the issued share capital of the Company and is the Controlling Shareholder of the Company.

CGN Engineering

CGN Engineering is a wholly-owned subsidiary of the Company and is a nuclear power project construction management company with specialist-technology. The principal businesses of CGN Engineering are contracting, management, consulting and supervision of engineering projects for infrastructure such as nuclear power and conventional power as well as civil construction projects; provision of technical services and consultation on engineering and construction; bidding agency for engineering and construction projects; engineering design and operation of import and export businesses.

CGN Finance

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

CGN Finance may, with the approval of the relevant Chinese authorities, conduct financial services including: (i) financial and financing advices, credit certificates and related consultation and agency services for member entities; (ii) assisting member entities to carry out receipt and payment transactions; (iii) approved insurance agency business; (iv) provision of guarantee for member entities; (v) entrusted loans and entrusted investments among member entities; (vi) bill acceptance and discounting for member entities; (vii) handling internal transfer settlement among member entities and developing plans for corresponding settlement and clearing; (viii) accepting deposits from member entities; (ix) provision of loans and financial leases for member entities; (x) engaging in inter-bank lending and borrowing; (xi) issuance of financial corporate bonds upon obtaining approval; (xii) underwriting corporate bonds of member entities; (xiii) equity investment in financial institutions; (xiv) investment in negotiable securities; (xv) engaging in derivatives trading business (general-grade qualification for activities confined to agency trading services for five types of transactions initiated by customers, namely currency forward settlement and sale, currency forward trading, foreign exchange swaps, currency swaps and interest rate swaps); and (xvi) extending credit to member entities in purchase transactions.

CGN Services Group

CGN Services Group is a wholly-owned subsidiary of CGNPC, formerly known as Guangdong Nuclear Power Service Corporation. The Nuclear Service Group serves the clean energy industry chain and provides services for production activities, as well as life-oriented services that promote health and living wisdom. Its main businesses include catering services, transportation, property management, health and caring services, electrical and mechanical maintenance, direct drinking water industrialization service, procurement of materials, real estate and project management.

FINANCIAL INFORMATION ABOUT CGN FINANCE

Set out below are selected financial data as extracted from audited financial statements of CGN Finance prepared according to the PRC Accounting Standards for Business Enterprises for each of the two financial years ended December 31, 2018 and December 31, 2017:

	Year ended December 31	
	RMB'000	
	2017	2018
	(audited)	(audited)
Net profit before taxation	609,932	336,342
Net profit after taxation	458,134	254,231
Total assets	37,846,118	34,482,104
Total liabilities	33,937,616	30,714,939
Net assets	3,908,502	3,767,165

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CGNPC is the Controlling Shareholder of the Company holding approximately 64.20% of the issued capital of the Company and therefore a connected person of the Company. CGN Finance is a 66.66% owned subsidiary of CGNPC and is an associate of CGNPC and therefore a connected person of the Company under Rule 14A.13 of the Listing Rules. Accordingly, the Capital Increase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Capital Increase exceed 0.1%, but are less than 5%, such transactions are therefore subject to the announcement and annual reporting requirements but exempt from independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules. As Mr. Zhang Shanming, Mr. Tan Jiansheng and Mr. Shi Bing, all being Directors of the Company, are also directors and/or senior management members of CGNPC, they are deemed to be materially interested in the Capital Increase. They have abstained from voting in respect of the relevant resolution to approve the Capital Increase at the board meeting related thereto. Save as aforesaid, no other Directors have any material interest in the Capital Increase.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meaning below:

“Board”	the board of Directors of our Company
“Capital Increase”	capital injections into CGN Finance to be made in cash by CGN Engineering, CGNPC and CGN Services Group in proportion to their respective shareholdings, the amounts of which shall be RMB120,000,000.00, RMB266,714,285.00, RMB13,285,715.00

“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., a limited liability company established in the PRC on July 22, 1997, which is held as to 66.66%, 30% and 3.34% by CGNPC, CGN Engineering (a wholly-owned subsidiary of the Company) and CGN Services Group (a wholly-owned subsidiary of the CGNPC), respectively, therefore a connected person of the Company.
“CGN Services Group”	CGN Services Group Co., Ltd. (中廣核服務集團有限公司), a limited liability company established in the PRC on December 5, 1985 and a wholly-owned subsidiary of CGNPC
“CGNPC”	China General Nuclear Power Corporation (中國廣核集團有限公司), a state-owned company established in the PRC on September 29, 1994 and the Controlling Shareholder of the Company, and therefore a connected person of the Company
“CGNPC Group”	CGNPC and its subsidiaries (unless otherwise stated, excluding the Group)
“Company”	CGN Power Co., Ltd.* (中國廣核電力股份有限公司), a company with limited liability incorporated under PRC law on March 25, 2014, the H shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (Stock code: 1816.HK)
“Completion of the Capital Increase”	completion of industrial and commercial registration of changes by CGN Finance in respect of the Capital Increase
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, as of the date of this announcement, it refers to CGNPC
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“percentage ratio(s)”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By Order of the Board
CGN Power Co., Ltd.*
Zhang Shanming
Chairman

The PRC, August 21, 2019

As at the date of this announcement, the Board of the Company comprises Mr. Gao Ligang as executive Director; Mr. Zhang Shanming, Mr. Tan Jiansheng, Mr. Shi Bing, Ms. Zhong Huiling and Mr. Zhang Yong, as non-executive Directors; Mr. Na Xizhi, Mr. Hu Yiguang and Mr. Francis Siu Wai Keung, as independent non-executive Directors.

** For identification purpose only*