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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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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**中广核  CGN**  
**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 2021**
- (2) Report of the Supervisory Committee for the year 2021**
- (3) Annual Report for the year 2021**
- (4) Audited Financial Report for the year 2021**
- (5) Profit Distribution Plan for the year 2021**
- (6) Investment Plan and Capital Expenditure Budget for the year 2022**
- (7) Re-appointment of Financial Report Auditor for the year 2022**
- (8) Re-appointment of Internal Control Auditor for the year 2022**
- (9) Appointment of Supervisor**
- (10) Remuneration of Directors and Supervisors for the year 2022**
- (11) Continuing Connected Transactions –  
Revision of Annual Cap and  
2023-2025 Engineering Services Framework Agreement**
- (12) Application for Registration of Shelf-offering Corporate Bonds with the Exchange**
- (13) General Mandate to Issue Shares**
- (14) General Mandate to Repurchase Shares**
- And**
- (15) Notices of 2021 Annual General Meeting and the 2022  
First H Shareholders' Class Meeting**

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



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A letter from the Board is set out on pages 7 to 36 of this circular.

The Company is scheduled to convene the AGM at 2:30 p.m. on Friday, May 27, 2022 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 III-1 to IV-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 Friday, May 6, 2022 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 8, 2022

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## **PANDEMIC PREVENTION AND CONTROL ARRANGEMENTS FOR THE GENERAL MEETING**

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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. V-1 to this circular) no later than 5:00 p.m. on May 20, 2022. 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.

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## PANDEMIC PREVENTION AND CONTROL ARRANGEMENTS FOR THE GENERAL MEETING

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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.

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## DEFINITIONS

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

“2014 Engineering Services Framework Agreement”	the engineering services framework agreement entered into between the Company and CGN on November 21, 2014
“2016 Supplemental Agreement”	the supplemental agreement to the 2014 Engineering Services Framework Agreement entered into between the Company and CGN on September 25, 2016
“2018 AGM”	the 2018 annual general meeting convened by the Company in May 2019, to consider and approve, among other things, the terms of the 2020 Engineering Services Framework Agreement and its proposed annual caps
“2020 Engineering Services Framework Agreement”	the engineering services framework agreement entered into between the Company and CGN on March 12, 2019
“2023-2025 Engineering Services Framework Agreement”	the engineering services framework agreement entered into between the Company and CGN on March 17, 2022
“A Shareholder(s)”	holder(s) of A Shares
“A Shareholders’ Class Meeting”	the 2022 first A Shareholders’ class meeting of the Company to be held on Friday, May 27, 2022
“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 “2021 AGM”	the 2021 annual general meeting of the Company to be held at 2:30 p.m. on Friday, May 27, 2022 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

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## DEFINITIONS

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“Board” or “Board of Directors”	the board of Directors of the Company
“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 81% of its equity interest held by the SASAC, 10% by Guangdong Hengjian Investment Holdings Co., Ltd.* (廣東恒健投資控股有限公司) and 9% by National Council for Social Security Fund
“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 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

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## DEFINITIONS

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“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 2022 first H Shareholders’ class meeting of the Company to be held on Friday, May 27, 2022
“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 Hong Kong Stock Exchange, 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
“Independent Board Committee”	the independent board committee constituted by Mr. Li Fuyou, Mr. Yang Jiayi, Mr. Xia Ceming and Mr. Tang Chi Cheung for the purpose of providing advice to the Independent Shareholders in respect of the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps)

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## DEFINITIONS

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“Independent Financial Advisor”	TC Capital International Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial advisor responsible for providing advice to the Independent Board Committee and the Independent Shareholders in respect of the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the 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, 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Pandemic”	the pandemic arising from the Novel Coronavirus (COVID-19)
“PBOC”	the People’s Bank of China (中國人民銀行)
“PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“Remuneration Committee”	the remuneration committee of the Board

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## DEFINITIONS

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“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 resolutions of the Company were passed
“revision of annual cap”	proposed revision of annual cap for the transactions contemplated under the 2020 Engineering Services Framework Agreement for the year ending December 31, 2022
“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
“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

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## DEFINITIONS

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“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
“%”	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.

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## LETTER FROM THE BOARD

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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)**

**Executive Directors:**

Mr. Gao Ligang  
Mr. Jiang Dajin

**Non-executive Directors:**

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

**Independent non-executive Directors:**

Mr. Li Fuyou  
Mr. Yang Jiayi  
Mr. Xia Ceming  
Mr. Tang Chi Cheung

**Registered Office and**

**Headquarters in the PRC:**  
18/F, South Tower, CGN Building,  
No. 2002 Shennan Road,  
Shenzhen, Guangdong Province,  
The PRC

**Principal Place of Business  
in Hong Kong:**

31/F, Tower Two Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

Dear Shareholders,

- (1) Report of the Board of Directors for the year 2021
  - (2) Report of the Supervisory Committee for the year 2021
  - (3) Annual Report for the year 2021
  - (4) Audited Financial Report for the year 2021
  - (5) Profit Distribution Plan for the year 2021
  - (6) Investment Plan and Capital Expenditure Budget for the year 2022
  - (7) Re-appointment of Financial Report Auditor for the year 2022
  - (8) Re-appointment of Internal Control Auditor for the year 2022
  - (9) Appointment of Supervisor
  - (10) Remuneration of Directors and Supervisors for the year 2022
  - (11) Continuing Connected Transactions –  
Revision of Annual Cap and  
2023-2025 Engineering Services Framework Agreement
  - (12) Application for Registration of Shelf-offering Corporate Bonds with the Exchange
  - (13) General Mandate to Issue Shares
  - (14) General Mandate to Repurchase Shares
- And
- (15) Notices of 2021 Annual General Meeting and the 2022  
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 Friday, May 27, 2022 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 despatched on April 8, 2022, and are set out on pages III-1 to IV-3 of this circular.

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## LETTER FROM THE BOARD

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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 resolutions, 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 2021
2. To consider and approve the report of the Supervisory Committee for the year 2021
3. To consider and approve the annual report for the year 2021
4. To consider and approve the audited financial report for the year 2021
5. To consider and approve the profit distribution plan for the year 2021
6. To consider and approve the investment plan and capital expenditure budget for the year 2022
7. To consider and approve the re-appointment of financial report auditor for the year 2022
8. To consider and approve the re-appointment of internal control auditor for the year 2022
9. To consider and approve the appointment of non-employee representative Supervisor
10. To consider and approve the remuneration of Directors and Supervisors for the year 2022

##### *Part II*

11. To consider and approve the continuing connected transactions – revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the proposed annual caps thereunder

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## LETTER FROM THE BOARD

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### Special Resolutions

12. To consider and approve the application for registration of shelf-offering corporate bonds with the exchange
13. To consider and approve the grant of the general mandate to issue Shares
14. 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 2021

According to the Articles of Association, the Board of Directors has prepared the report of the Board of Directors for the year 2021, 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 14th 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 2021 despatched by the Company on April 8, 2022, 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 2021.

#### 2. To consider and approve the report of the Supervisory Committee for the year 2021

According to the Articles of Association, the Supervisory Committee has prepared the report of the Supervisory Committee for the year 2021, 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 9th meeting of the third session of the Supervisory Committee. The full text of the report is included in the annual report for the year 2021 despatched by the Company on April 8, 2022, 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 2021.

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## LETTER FROM THE BOARD

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### **3. To consider and approve the annual report for the year 2021**

According to the Articles of Association, the Company has prepared the annual report for the year 2021.

The report was considered and approved by the Board of Directors at the 14th meeting of the third session of the Board of Directors, and despatched on April 8, 2022, 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 2021.

### **4. To consider and approve the audited financial report for the year 2021**

The financial report of the Company for the year ended December 31, 2021 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 14th 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 2021 despatched by the Company on April 8, 2022, 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, 2021 prepared in accordance with the China Accounting Standards for Business Enterprises.

### **5. To consider and approve the profit distribution plan for the year 2021**

The Board recommends the payment of a final dividend of RMB0.084 (tax inclusive) per Share for the year 2021 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 2021.

The profit distribution plan has been considered and approved at the 14th 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 7, 2022 to the Shareholders whose names appear on the register of members of the Company on June 7, 2022 (the record date). The cash dividend for 2021 is denominated and declared in RMB, with a dividend per Share of RMB0.084 (tax inclusive).

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## LETTER FROM THE BOARD

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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 2, 2022 to June 7, 2022 (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 Centre, No. 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on June 1, 2022.

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 7, 2022. 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 Centre, No. 183 Queen's Road East, Wan Chai, Hong Kong, before 4:30 p.m. on June 1, 2022. 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.

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## LETTER FROM THE BOARD

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### *(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 7, 2022. 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 Centre, No. 183 Queen's Road East, Wan Chai, Hong Kong, before 4:30 p.m. on June 1, 2022. 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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## LETTER FROM THE BOARD

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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.

*(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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## LETTER FROM THE BOARD

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**6. To consider and approve the investment plan and capital expenditure budget for the year 2022**

According to the Articles of Association, the Company has formulated its investment plan and capital expenditure budget for the year 2022.

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 RMB25,180 million in the year 2022. In particular, the investment in fixed assets of RMB21,450 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 RMB1,730 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 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 2021 despatched by the Company on April 8, 2022, 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.

This investment plan and capital expenditure budget were considered and approved by the Board of Directors at the 13th 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 2022.

**7. To consider and approve the re-appointment of financial report auditor for the year 2022**

The proposal that KPMG as the financial report auditor of the Company for the year 2021 and would hold office until the conclusion of the 2021 AGM was considered and approved at the 5th meeting of the third session of the Board of Directors and approved at the 2020 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 2022, who will hold office until the conclusion of the annual general meeting of the Company for the year 2022, and authorize the Board to determine its remuneration based on the actual works performed.

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## LETTER FROM THE BOARD

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The above proposal regarding the re-appointment of financial report auditor for the year 2022 was considered and approved at the 14th 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 2022.

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 2022.

**8. To consider and approve the re-appointment of internal control auditor for the year 2022**

The proposal that Pan-China Certified Public Accountants LLP as the internal control auditor of the Company for the year 2021 and would hold office until the conclusion of the 2021 AGM was considered and approved at the 5th meeting of the third session of the Board of Directors and approved at the 2020 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 Pan-China Certified Public Accountants LLP as its internal control auditor for the year 2022, who will hold office until the conclusion of the annual general meeting of the Company for the year 2022, and authorize the Board to determine its remuneration based on the actual works performed.

The above proposal regarding the re-appointment of internal control auditor for the year 2022 was considered and approved at the 14th 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 internal control auditor for the year 2022.

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 Pan-China Certified Public Accountants LLP as the internal control auditor of the Company for the year 2022.

**9. To consider and approve the appointment of non-employee representative Supervisor**

Reference is made to the announcement of the Company dated April 1, 2022 in relation to the appointment of non-employee representative Supervisor. The proposed appointment of Ms. Pang Xiaowen as a non-employee representative Supervisor of the third session of the Supervisory Committee of the Company was considered and approved at the 10th meeting of the third session of the Supervisory Committee of the Company on April 1, 2022.

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## LETTER FROM THE BOARD

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The term of office of Ms. Pang Xiaowen shall become effective on the date of her qualification as a non-employee representative Supervisor being approved at the AGM and she shall hold office until the expiry of the term of the third session of the Supervisory Committee. The Company will enter into a service contract with Ms. Pang Xiaowen for the same period as the term of the non-employee representative Supervisor.

Pursuant to Rule 13.51(2) of the Hong Kong Listing Rules, biographical details of the Supervisor required to be disclosed are set out as follows:

Ms. Pang Xiaowen, born in 1979, obtained a bachelor's degree and is a senior accountant and a senior economist. Ms. Pang Xiaowen has extensive experience in corporate financial management, equity investment management, corporate governance and other aspects. Since April 2014, she served as the deputy director of the finance office (presiding over the work) of Hainan Nuclear Power Co. Ltd. (海南核電有限公司), the deputy general manager of Guangdong Hengjian Asset Management Co., Ltd. (廣東恒健資產管理公司), and deputy head of the asset management department and the deputy head of the corporate management department (presiding over the work) of Guangdong Hengjian Investment Holdings Co., Ltd. (廣東恒健投資控股有限公司). She has served as a director of Guangdong Hengfu Financial Leasing Co., Ltd. (廣東恒孚融資租賃有限公司) since May 2018, the head of the operations management department of Guangdong Hengjian Investment Holdings Co., Ltd. (廣東恒健投資控股有限公司) since November 2019, a director of Guangzhou Asset Management Co., Ltd. (廣州資產管理有限公司) since January 2020, and a director of SkyCo International Financial Leasing Co., Ltd. since March 2022.

As at the Latest Practicable Date, save as disclosed above, Ms. Pang has confirmed that she: (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 her 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.

According to the Articles of Association, an ordinary resolution will be proposed by the Supervisory Committee at the AGM to approve the appointment of Ms. Pang Xiaowen as a non-employee representative Supervisor of the third session of the Supervisory Committee of the Company.

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## LETTER FROM THE BOARD

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### 10. To consider and approve the remuneration of Directors and Supervisors for the year 2022

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

<b>Name</b>	<b>Position</b>	<b>Remuneration proposal</b>
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 Hongjun	Non-executive Director	To be paid by Guangdong Hengjian Investment Holdings Co., Ltd. instead of the Company
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

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## LETTER FROM THE BOARD

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<b>Name</b>	<b>Position</b>	<b>Remuneration proposal</b>
Tang Chi Cheung	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 <sup>Note</sup>	Non-employee representative Supervisor	To be paid by Guangdong Hengjian Investment Holdings Co., Ltd. instead of the Company
Pang Xiaowen	Candidate of 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. Hu Yaoqi resigned as a non-employee representative Supervisor of the third session of the Supervisory Committee of the Company on April 1, 2022.

In addition, the Board also proposed to approve the remuneration package of Ms. Pang Xiaowen, the candidate of non-employee representative Supervisor for the third session of the Supervisory Committee, at the AGM. The approval of the remuneration matters of Ms. Pang Xiaowen is subject to the approval at the AGM as a non-employee representative Supervisor of the third session of the Supervisory Committee of the Company. If the appointment is not approved at the AGM as scheduled, the relevant voting on the remuneration matters will be invalid.

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## LETTER FROM THE BOARD

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The aforesaid remuneration plan shall be implemented in accordance with the actual performance time of the Directors and the Supervisors in the Company. Among them, Mr. Hu Yaoqi resigned as a non-employee representative Supervisor of the third session of the Supervisory Committee of the Company on April 1, 2022.

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 14th meeting of the third session of the Board of Directors and the 15th meeting of the third session of the Board of Directors. When the Remuneration Committee and the Board took a vote on the above remuneration proposal, 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*

#### **11. To consider and approve the continuing connected transactions – revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the proposed annual caps thereunder**

##### *i. Introduction*

The Company entered into the 2014 Engineering Services Framework Agreement, the 2016 Supplemental Agreement and the 2020 Engineering Services Framework Agreement with CGN on November 21, 2014, September 25, 2016 and March 12, 2019 respectively.

Pursuant to Chapter 14A of the Hong Kong Listing Rules, the continuing connected transactions and the annual caps under the 2014 Engineering Services Framework Agreement, the 2016 Supplemental Agreement and the 2020 Engineering Services Framework Agreement shall be subject to the announcement, annual reporting, annual review and Independent Shareholders' approval requirements.

Reference is made to the announcement in respect of the continuing connected transactions of the Company dated March 17, 2022, which announced, among others, that the Board considered and approved the resolution on the revision of annual cap and entering into the 2023-2025 Engineering Services Framework Agreement with CGN on March 17, 2022. The resolution will be submitted to the AGM for the Independent Shareholders to consider and approve the revision of annual cap, the 2023-2025

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## LETTER FROM THE BOARD

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Engineering Services Framework Agreement and the proposed annual caps thereunder as one of the ordinary resolutions. Details of the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the proposed annual caps thereunder are set out in this circular as follows.

CGN will abstain from voting in respect of the ordinary resolution on matters relating to the revision of annual cap and the 2023-2025 Engineering Services Framework Agreement at the AGM.

***ii. Revision of Annual Cap and Major Terms of the 2023-2025 Engineering Services Framework Agreement***

*Revision of Annual Cap*

The annual caps of the transactions for the years ended/ending December 31, 2020, 2021 and 2022 which are related to the 2020 Engineering Services Framework Agreement have been approved at the 2018 AGM. As there are material differences between the actual construction progresses of 2022 nuclear power project and CGN Group's offshore wind power project undertaken by CGN Engineering and the situation expected at the time when the 2020 Engineering Services Framework Agreement was entered into, the approved 2022 annual cap of the transactions is required to be adjusted.

*Date of Execution and Term of the 2023-2025 Engineering Services Framework Agreement*

The Company and CGN entered into the 2023-2025 Engineering Services Framework Agreement on March 17, 2022. Provided that the 2023-2025 Engineering Services Framework Agreement is affixed with the signature and seal of the legal representatives or authorized representatives of the parties to the agreement and approval is obtained at the AGM, the 2023-2025 Engineering Services Framework Agreement shall be valid for a term of three years from January 1, 2023 to December 31, 2025. Separate contracts will be entered into between relevant entities of both parties to set out the specific terms and conditions pursuant to the principles provided in the above agreement.

*Scope of Services*

The Group offers the following services to CGN Group, primarily including pre-construction engineering services, survey, design and technical services, engineering project management services, general engineering, procurement and construction services, bidding agency services, sales of used and/or superfluous materials and other engineering services.

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## LETTER FROM THE BOARD

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### *Pricing Principles and Their Application*

The following pricing principles shall apply to the pricing of services contemplated under the 2023-2025 Engineering Services Framework Agreement in the following order:

- i. Government-prescribed price and government-guided price: if at any time, the government-prescribed price is applicable to any particular type of products, technologies or services, such product, technology or service shall be supplied at the applicable government-prescribed price. Where a government-guided price standard is available, the price shall be agreed by reference to the government-guided price;

This pricing principle mainly applies to pre-construction engineering services, survey, design and technical services, general engineering, procurement and construction services, engineering project management services and bidding agency services. In particular, the relevant government-prescribed price and government-guided price of pre-construction engineering services, general engineering, procurement and construction services and engineering project management services mainly refer to the Guidelines on Fee Nature and Project Categorization of Nuclear Power Plant Construction (《核電廠建設項目費用性質及項目劃分導則》), Construction Budgeting Methodology of Nuclear Power Plant Construction Projects (《核電廠建設項目建設預算編製方法》), Regulations on Other Expense Budgeting of Nuclear Power Plant Construction Projects (《核電廠建設項目工程其他費用編製規定》) and Regulation for Content of Pre-feasibility Study Report of Nuclear Power Plants (《核電廠初步可行性研究報告內容深度規定》) issued by the National Energy Administration (國家能源局) on its website as well as the Regulations on Construction Project Supervision and Associated Service Fees Management (《建設工程監理與相關服務收費管理規定》) issued by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on its website; the relevant government-prescribed price and government-guided price of survey, design and technical services mainly refer to the Regulations on Fees Management of Engineering Survey and Design (《工程勘察設計收費管理規定》) issued by the State Development Planning Commission (國家發展計劃委員會) and the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on their websites; the relevant government-prescribed price and government-guided price of bidding agency services mainly refer to Provisional Measures on the Administration of Service Fees for Tender Agency Services (《招標代理服務收費管理暫行辦法》) issued by the National Development and Reform Commission (國家發展和改革委員會) etc.

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## LETTER FROM THE BOARD

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- ii. Market price: the price of the same or similar products or services provided by an Independent Third Party in the ordinary course of business on normal commercial terms; and

This pricing principle mainly applies to pre-construction engineering services, survey, design and technical services and general engineering, procurement and construction services. Such prices are mainly those of the equipment, materials and services related to engineering construction sourced from the market through public bidding in accordance with the Implementing Regulations on the Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法實施條例》) or the market price of the Independent Third Parties. In particular, the Company conducts public bidding by issuing tender invitations to all unspecified bidders. The number of bidders is affected by the nature of the tender. For the aforesaid services, there are usually more than three bidders. However, the Company will also invite specific bidders to participate in tenders. According to the Company's procurement procedures, the number of bidders invited must be three or more.

- iii. Agreed price: the price to be determined by adding a reasonable profit over a reasonable cost.

This pricing principle is used to a lesser extent. It applies to survey, design and technical services and engineering project management services. The costs of such services primarily include (i) the cost of services procured in the market or the cost of service stipulated by the internal pricing standard applicable to all members of CGN Group and the Group; and (ii) labor cost and travel expenses generated from the Group's management of relevant services, which are determined by the Group's labor cost and travel policies. The profit of these services is mainly derived from the management fees on the basis of the costs above. The rate of management fee is determined based on the historical costs and benefits of CGN Group and the subsidiaries of the Group in the respective service projects. The rate of management fee is mainly affected by (i) the market share of similar services; and (ii) inflation and changes in costs, and is ultimately determined based on the negotiation between the parties to the transactions in accordance with normal commercial terms. Based on the historical transactions, the rate of management fee of these services was generally around 10%.

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## LETTER FROM THE BOARD

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### *Implications of the Hong Kong Listing Rules*

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules in respect of the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) exceed 5% on annual basis, the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) all constitute non-exempt continuing connected transactions, and are subject to reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

### *Internal Control Measures*

The Company has established a series of internal control measures, including formulating the "Management Rules on Connected Transactions of CGN Power Co., Ltd.", "Management Procedures on Connected Transactions of CGN Power Co., Ltd." and a connected transaction management system to standardize and stipulate the pricing policies and mechanism, the assignment of responsibility and decision making authority to ensure the continuing connected transactions are conducted in accordance with their respective framework agreements, and that the pricing policies will be strictly complied with. We will evaluate the continuing connected transactions on at least a quarterly basis.

In particular, for the purpose of the non-exempt continuing connected transactions (if applicable), applicable guiding principles and relevant internal control measures are as follows:

- (i) For the purpose of the principles of government price, the Group reviews the relevant government-prescribed price or government-guided price to ensure that the price of CGN Group complies with the relevant government-prescribed price or government-guided price;
- (ii) For the purpose of the principles of market price, (a) for the purpose of purchasing the products or services of CGN Group, the Group reviews the terms provided by the Independent Third Parties, and ensures that the principal terms provided by CGN Group are no less favourable to the Group than those provided by the Independent Third Parties; and (b) for the purpose of providing products or services to CGN Group, the Group reviews the terms provided to the Independent Third Parties, and ensures that the principal terms provided to CGN Group are no less favourable to the Group than those provided to the Independent Third Parties;

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## LETTER FROM THE BOARD

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- (iii) For the purpose of the principles of agreed price, if both the principles of the government price and market price are not applicable, the price with CGN Group will be determined by adding a reasonable profit over a reasonable cost, and the Group will ensure that the relevant profit margin is no less favourable than that provided by the Independent Third Parties; and
- (iv) In accordance with the Hong Kong Listing Rules, (a) the external auditors of the Group will continue to report annually on the continuing connected transactions to confirm, among other matters, whether the continuing connected transactions were entered into in accordance with their respective framework agreements and, for the transactions involving the provision of goods or services by the Group, to confirm whether anything has come to their attention that causes them to believe the continuing connected transactions are not, in all material respects, in accordance with the pricing policies of the Group; and (b) the independent non-executive Directors will continue to review and report annually on whether the continuing connected transactions are, among other things, entered into in accordance with the respective framework agreements governing them and on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

For the purpose of the 2023-2025 Engineering Services Framework Agreement, if the prices of relevant transactions are to be determined under the principle of the agreed price, the Group will track government standards in real time for any changes and the prices of services to be procured by the Group on the market regularly, to ensure such transactions are conducted on normal commercial terms or more favourable terms, and will also strictly implement the Group's labor cost and travel policies, and conduct internal audits from time to time to ensure a reasonable level of profit.

In the event that the proposed annual caps are exceeded, renewed or materially varied, the Company will re-comply with the reporting, announcement and the Independent Shareholders' approval requirements pursuant to Rules 14A.35 to 14A.47 of the Hong Kong Listing Rules.

***iii. Comparison between the 2023-2025 Engineering Services Framework Agreement and the 2014 Engineering Services Framework Agreement, the 2016 Supplemental Agreement and the 2020 Engineering Services Framework Agreement***

The main amendments to the 2023-2025 Engineering Services Framework Agreement as compared to the 2014 Engineering Services Framework Agreement, the 2016 Supplemental Agreement and the 2020 Engineering Services Framework Agreement are the new proposed annual caps and the valid term of the agreement.

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## LETTER FROM THE BOARD

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*iv. Historical Amounts, Proposed Annual Caps and Basis of Caps*

*Historical amounts*

The amounts of the engineering service fees received and receivable from CGN Group for the three years ended December 31, 2019, 2020 and 2021 are set out below:

	<b>Year Ended December 31,</b>		
	<i>(RMB million)</i>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Approximate total fees received and receivable from CGN Group by the Group on an actual basis	3,824.92	11,743.03	19,011.91

As at the date of the 14th meeting of the third session of the Board of Directors convened by the Company on March 17, 2022, the amount received and receivable from CGN Group for our engineering services amounted to approximately RMB1,339.00 million.

In the three years of 2019, 2020 and 2021, the amount received/ receivable from CGN Group by the Group for engineering services is lower than the upper limit of approved annual caps, mainly because the development of non-nuclear power projects was slower than the original forecast, and the actual amount of non-nuclear power project with larger amounts in the original forecast was lower.

*The revision of annual cap and the annual caps under the 2023-2025 Engineering Services Framework Agreement*

The maximum aggregate annual amount of fees for the four years ending December 31, 2022, 2023, 2024 and 2025 shall not exceed the caps as set out below:

	<b>Year Ending December 31,</b>				
	<i>(RMB million)</i>				
	<b>Current approved annual cap 2022</b>	<b>2022</b>	<b>Proposed annual caps</b>		
		<b>2023</b>	<b>2024</b>	<b>2025</b>	
Total fees received/receivable from CGN Group by the Group	11,969.83	30,793.00	35,168.00	41,154.00	43,111.00

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## LETTER FROM THE BOARD

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The Group's proposed annual caps for engineering services in 2022, 2023, 2024 and 2025 are relatively high, mainly due to (i) the peak season of construction of Huizhou power nuclear project and Cangnan nuclear power project of CGN Group, resulting in an increase in demand for engineering services; (ii) according to the contractual settlement scheme, the offshore wind power project of CGN Group undertook by the Group is in peak season of construction and settlement; (iii) more offshore wind power projects have been approved by the relevant government authorities in the past years. Among them, the construction of the offshore wind power projects contracted by CGN Group are expected to commence in these few years, resulting in an increase in demand for engineering services for offshore wind power projects; and (iv) the construction cycle of offshore wind power projects is relatively short, and the settlement of related costs in the construction cycle is relatively centralized.

### *Basis of Caps*

In determining the above proposed annual caps for the fees received/receivable from CGN Group for the Group's provision of the engineering services to CGN Group, the Group have considered, among other factors, (i) the historical transaction amounts received for the provision of the engineering services to CGN Group; (ii) the expected demand for engineering services in the upcoming years in view of the business development of CGN Group; (iii) the estimated contract value and payment arrangement of projected new engineering services contracts to be entered into between the Group and CGN Group; and (iv) the estimated increase in the average market rates charged for similar services due to inflation and anticipated increase in cost.

In determining the estimated demand of CGN Group for the provision of engineering services by the Group for the four years ended December 31, 2022, 2023, 2024 and 2025, the Group have considered, among other factors:

- (a) the increase from the approved current annual cap of approximately RMB11,970 million for the year ended December 31, 2022 to the proposed new annual cap of RMB30,793 million, representing a difference of approximately RMB18,823 million, is primarily attributable to, among other things: (i) increase in the demand for engineering services of the Cangnan nuclear project and Huizhou nuclear project of CGN Group as they are in peak season of construction by approximately RMB4,578 million; (ii) the increase in the demand for engineering services of non-nuclear power projects by approximately RMB15,098 million; and (iii) the actual progress of overseas nuclear power project of CGN Group is slower than expected, resulting in a decrease in the corresponding demand for engineering services from the initial expected amount by approximately RMB786 million;

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## LETTER FROM THE BOARD

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- (b) the increase in the proposed annual cap from RMB30,793 million for the year ended December 31, 2022 to RMB35,168 million for the year ended December 31, 2023, representing a difference of RMB4,375 million, is primarily attributable to, among other things: (i) Cangnan nuclear project and Huizhou nuclear project of CGN Group are in peak season of construction, and an increase in preliminary works for Lingwan nuclear project, resulting in an increase in the demand for engineering services of approximately RMB5,969 million; (ii) the decrease in the demand for engineering services of non-nuclear power projects by approximately RMB1,381 million; and (iii) the actual progress of overseas nuclear power project of CGN Group is slower than expected, resulting in a decrease in the corresponding demand for engineering services from the initial expected amount by approximately RMB212 million;
- (c) the increase in the proposed annual cap from RMB35,168 million for the year ended December 31, 2023 to RMB41,154 million for the year ended December 31, 2024, representing a difference of RMB5,983 million, is primarily attributable to, among other things: (i) increase in the demand for engineering services of the Cangnan nuclear project, Huizhou nuclear project and Lingwan nuclear project of CGN Group by approximately RMB2,464 million; and (ii) the increase in the demand for engineering services of non-nuclear power projects by approximately RMB3,514 million; and
- (d) the increase in the proposed annual cap from RMB41,154 million for the year ended December 31, 2024 to RMB43,111 million for the year ended December 31, 2025, representing a difference of RMB1,957 million, is primarily attributable to, among other things: (i) increase in the demand for engineering services of the Cangnan nuclear project, Huizhou nuclear project and Lingwan nuclear project of CGN Group by approximately RMB2,930 million; and (ii) the decrease in the demand for engineering services of non-nuclear power projects by approximately RMB1,004 million.

v. ***Reasons for and Benefits of the Transactions and Director's View***

*Reasons for and Benefits of the Transactions*

After completing the acquisition of CGN Engineering in 2016, the external provision of engineering services had become transactions which are revenue in nature in ordinary course of business of the Group. Given that (i) the Group has extensive experience in the construction and management of nuclear power projects, and is capable of providing nuclear power engineering services up to required standards and of required quality on a continuous basis that are satisfying for CGN Group; (ii) the Group is in the process of constructing and managing the

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## LETTER FROM THE BOARD

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demonstration project of Hualong I, a third-generation nuclear power technology, which helps to boost the Group's capabilities in design and application of third-generation nuclear power technology; and (iii) the Group's experience in the construction and management of nuclear power projects may also be applied to the engineering construction of non-nuclear power projects, which may satisfy relevant business needs of CGN Group. The Group will continue to provide engineering services to CGN Group based on the above reasons and benefits.

### *Directors' View*

Taking into account the long established business relationship between the Group and CGN Group, the stable revenue to be generated from the businesses of CGN Group for the benefit of the Group, as well as the rising demand for new transactions, the Directors (including the independent non-executive Directors) are of the view that the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) are arrived at 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 the Company and the Shareholders as a whole.

### *vi. Information on the Parties*

#### *The Group*

The Group is primarily engaged in the construction, operation and management of nuclear power stations, sales of electricity generated by these stations and organizing and developing 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 energy projects. As at the Latest Practicable Date, CGN held approximately 58.82% of the issued share capital of the Company and is the Controlling Shareholder of the Company.

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## LETTER FROM THE BOARD

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*vii. The Board's Approval*

The Company convened a Board meeting on March 17, 2022. The Directors who have a conflict of interests in the abovementioned continuing connected transactions, including Mr. Yang Changli, Mr. Gao Ligang and Mr. Shi Bing, have abstained from voting on the resolution in connection with the continuing connected transactions. The Board had considered and approved the resolution in relation to the continuing connected transactions. The Directors are of the view that the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

*viii. 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 revision of annual cap, 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 37 to 38 of this circular. The letter from the Independent Board Committee to the Independent Shareholders contains its recommendation on the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps). Having considered the pricing policies with respect to the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement, the methods and procedures established by the Group to ensure the strict compliance with the pricing policies and that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders, and the appropriate internal control procedures in place, the independent non-executive Directors are of the view that the revision of annual cap and the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable to the Independent Shareholders and in the interests of the Company and the Shareholders as a whole.

*ix. Independent Financial Advisor*

TC Capital International Limited has been appointed by the Company as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders as to whether the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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*x. Connected Persons who are required to abstain from Voting on the Resolutions*

CGN Group was considered to have material interests in the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps). 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 resolution at the general meeting. CGN Group holds 29,704,943,375 Shares in the Company, representing approximately 58.82% of the total issued Shares of the Company, and therefore it and its associates shall abstain from voting on the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) at the 2021 AGM. To the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, (i) no shareholding trust or other agreement or arrangement or intention entered into by its ultimate 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 at 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. For the details of the shareholding interest owned by CGN in the Company, please refer to section V headed “The AGM and H Shareholders’ Class Meeting” in the letter from the Board and Appendix I to this circular.

#### **IV. SPECIAL RESOLUTIONS**

**12. To consider and approve the application for registration of shelf-offering corporate bonds with the exchange**

To increase the flexibility in bond financing, expand the Company’s financial support channel, continuously improve the debt structure, and effectively control the financing cost, the Company intends to apply to the Shenzhen Stock Exchange for registration of shelf-offering corporate bonds. The principal terms are as follows:

- (1) Registration and issuance type: the registration type is shelf-offering corporate bonds, including general corporate bonds and green corporate bonds, poverty alleviation corporate bonds, convertible corporate bonds, renewable corporate bonds and short-term corporate bonds, which is subject to the registration notice of the Shenzhen Stock Exchange. The Company will select and file the specific type for issuance, the issuance proposal and use of proceeds for each tranche within the scope of registration and during the validity period of registration.

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## LETTER FROM THE BOARD

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- (2) Registration and issuance amount: not exceeding RMB20,000 million (bond size);
- (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 for the Company and subsidiaries, replenish working capital or for project investment and construction, etc; and
- (7) Way of guarantee: no guarantee.

The resolution of application for registration of shelf-offering corporate bonds was considered and approved at the 14th 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 application made by the Company to the Shenzhen Stock Exchange for registration of shelf-offering corporate bonds in an amount not exceeding RMB20,000 million. Also, the Company will propose to approve the authorization to its chief financial officer for leading the implementation of the specific registration and issuance arrangements for the abovementioned bonds in strict compliance with the internal procedures of the Company 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.

### **13. 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 target subscribers of the new shares to be issued; (iv) the use of proceeds; (v) the starting and closing dates for the issue; (vi) class and number of the new shares to be issued to existing Shareholders; and (vii) the making or granting of offers, agreements and options which might require the exercise of such powers.

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## LETTER FROM THE BOARD

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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).

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 AGM 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.

#### **14. 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 AGM, 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

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## LETTER FROM THE BOARD

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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 Repurchase 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 (“**Repurchasing A Shares and/or H Shares**”), subject to the passing of the special resolution approving the grant of the Repurchase Mandate to the Board.

After the general mandate is approved at the AGM and/or class meetings, 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).

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 AGM, 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 AGM, 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 “**Relevant Period**”).

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.

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## LETTER FROM THE BOARD

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Appendix II 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 Friday, May 27, 2022 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 despatched to the Shareholders in accordance with the Hong Kong Listing Rules on April 8, 2022. The notices of the AGM and H Shareholders' Class Meeting are set out on pages III-1 to IV-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 29,704,943,375 Shares of the Company (representing approximately 58.82% of Shares in issue), and its associates are required to abstain from voting on the resolution to approve the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the 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 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 Friday, May 6, 2022.

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 form(s) of proxy in accordance with the instructions printed thereon. For H Shareholders, the form(s) of proxy 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.

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## **LETTER FROM THE BOARD**

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Completion and return of the form(s) of proxy 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 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 8, 2022 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.

### **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 Wednesday, April 27, 2022 to Friday, May 27, 2022 (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 Wednesday, April 27, 2022 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 Tuesday, April 26, 2022.

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## LETTER FROM THE BOARD

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### 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 II 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 8, 2022

*\* For identification purpose only*

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

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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)**

*To the Independent Shareholders*

Dear Sir or Madam,

**Continuing Connected Transactions**  
**Revision of Annual Cap**  
**and**  
**2023-2025 Engineering 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 revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the 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 revision of annual cap and the 2023-2025 Engineering Services Framework Agreement are on normal commercial terms; (b) whether the revision of annual cap, the terms and transactions of the 2023-2025 Engineering Services Framework Agreement are entered into in the ordinary and usual course of business of the Company and are fair and reasonable so far as the Independent Shareholders are concerned; and (c) whether the revision of annual cap and the 2023-2025 Engineering Services Framework Agreement are 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 revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) (the text of the letter of advice is set out on pages 39 to 50 of the Circular). Having considered the advice of TC Capital International Limited, we are of the view that the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions

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

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contemplated thereunder (including the annual caps) are on normal commercial terms, in the ordinary and usual course of business of the Company, and in the interests of the Company and its Shareholders as a whole, and 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 resolution at the AGM to approve the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the proposed annual caps thereunder.

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

<b>Li Fuyou</b> <i>Independent</i> <i>non-executive Director</i>	<b>Yang Jiayi</b> <i>Independent</i> <i>non-executive Director</i>	<b>Xia Ceming</b> <i>Independent</i> <i>non-executive Director</i>	<b>Tang Chi Cheung</b> <i>Independent</i> <i>non-executive Director</i>
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April 8, 2022

\* *For identification purpose only*

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR TO THE  
INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT SHAREHOLDERS**

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*Set out below is the text of a letter received from TC Capital International Limited, the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in respect of the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) for the purpose of inclusion in this circular.*



April 8, 2022

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

Dear Sirs,

**CONTINUING CONNECTED TRANSACTIONS  
REVISION OF ANNUAL CAP  
AND  
2023-2025 ENGINEERING SERVICES FRAMEWORK AGREEMENT**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated April 8, 2022 issued to the Shareholders (the “**Circular**”). Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As a continuation of the 2020 Engineering Services Framework Agreement, the Company entered into the 2023-2025 Engineering Services Framework Agreement with CGN on March 17, 2022, pursuant to which the Group shall provide services to the CGN Group, primarily including pre-construction engineering services, survey, design and technical services, engineering project management services, general engineering, procurement and construction services, bidding agency services, sales of used and/or superfluous materials and other engineering services (together, the “**Engineering Services**”) for the three years ending December 31, 2025. The Company also proposes to adjust the approved annual cap for the provision of the Engineering Services for the year ending December 31, 2022.

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## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR TO THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT SHAREHOLDERS**

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As at the Latest Practicable Date, CGN, which held approximately 58.82% of the issued share capital of the Company, was a 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 provision of the Engineering Services by the Group to CGN and/or its associates constitutes Continuing Connected Transactions of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios calculated in respect of the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) exceed 5% on annual basis, the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Independent Board Committee comprising Mr. Li Fuyou, Mr. Yang Jiayi, Mr. Xia Ceming and Mr. Tang Chi Cheung (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the 2023-2025 Engineering Services Framework Agreement and the annual caps for the four years ending December 31, 2025 are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the entering into of the 2023-2025 Engineering Services Framework Agreement is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to approve the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps) at the AGM. We, TC Capital International Limited, have been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **OUR INDEPENDENCE**

As at the Latest Practicable Date, we did not have any relationships with or interests in the Company or any other parties that could reasonably be regarded as relevant to the independence of us. In the last two years, we have acted as an independent financial advisor to the then independent board committee and independent shareholders of the Company in relation to an occasion as detailed in the circular of the Company dated April 9, 2021. Given (i) our independent role in the abovementioned engagement; and (ii) our fees for the abovementioned engagement represented an insignificant percentage of our revenue, we consider that the abovementioned engagement would not affect our independence to form our opinion in respect of the Engineering Services.

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR TO THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT SHAREHOLDERS

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## BASIS OF OPINION

In putting forth our recommendation, we have relied on the information, opinions, facts and representations supplied to us by the Directors and/or the representatives of the Company. We have reviewed, among other things, (i) the 2023-2025 Engineering Services Framework Agreement; (ii) the annual report of the Company for the year ended December 31, 2020 (the “**2020 Annual Report**”) and the annual results announcement of the Company for the year ended December 31, 2021 (the “**2021 Annual Results Announcement**”); (iii) the Circular; and (iv) relevant market data and information available from public sources.

We have assumed that all such information, opinions, facts and representations provided to us by the Directors and/or the representatives of the Company, 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 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.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the provision of the Engineering Services, we have taken into account the following principal factors and reasons:

### **1. Information on the Group and CGN**

#### ***1.1 Information on the Group***

As stated in the Letter from the Board, the Group is primarily engaged in the construction, operation and management of nuclear power stations, sales of electricity generated by these stations and organising and developing the design and research & development of nuclear power stations.

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Set out below is certain audited financial information of the Group for the three years ended December 31, 2021 (“FY2019”, “FY2020” and “FY2022” respectively) as extracted from the 2021 Annual Results Announcement and the 2020 Annual Report:

	<b>For the year ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(Audited)	(Audited)	(Audited)
<b>Operating revenue</b>	80,679	70,585	60,875
<b>Operating profit</b>	18,314	16,892	16,588
<b>Net profit</b>	15,684	14,876	14,785

As shown in the above table, the operating revenue of the Group amounted to approximately RMB70,585 million for FY2020, representing an increase of approximately 16% as compared with the corresponding figure for FY2019. The operating revenue of the Group further increased to approximately RMB80,679 million for FY2021, representing an increase of approximately 14% as compared with the corresponding figure for FY2020. The net profit of the Group for FY2020 amounted to approximately RMB14,876 million, representing a slight increase of approximately 1% as compared with the corresponding figure for FY2019. The net profit of the Group further increased to approximately RMB15,684 million for FY2021, representing an increase of approximately 5% as compared with the corresponding figure for FY2020. The improvement in financial performance of the Group in FY2020 and FY2021 was mainly due to (i) the increase in the on-grid power generation of the subsidiaries of the Company; and (ii) the increase in the construction volume of Huizhou nuclear project, Cangnan nuclear project and CGN’s wind power business of CGN Engineering.

## **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. The CGN Group is principally engaged in the generation and sale of power, and the construction, operation and management of nuclear and non-nuclear clean energy projects. As at the Latest Practicable Date, CGN held approximately 58.82% of the issued share capital of the Company and is a controlling shareholder of the Company.

## **2. Reasons for and benefits of the entering into of the 2023-2025 Engineering Services Framework Agreement**

As stated in the Letter from the Board, given that (i) the Group has extensive experience in the construction and management of nuclear power projects, and is capable of providing nuclear power engineering services up to required standards and of required quality on a continuous basis that are satisfying for the CGN Group; (ii) the Group is in the process of

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## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR TO THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT SHAREHOLDERS**

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constructing and managing the demonstration project of Hualong I, a third-generation nuclear power technology, which helps to boost the capabilities of the Group in design and application of third-generation nuclear power technology; and (iii) the experience of the Group in the construction and management of nuclear power projects may also be applied to the engineering construction of non-nuclear power projects, which may satisfy relevant business needs of the CGN Group, the Group will continue to provide the Engineering Services to the CGN Group.

As advised by the representatives of the Company, the Group will participate in certain projects of the CGN Group, including but not limited to domestic nuclear power station construction projects and non-nuclear power station construction projects in the coming few years. Therefore, by entering into the 2023-2025 Engineering Services Framework Agreement, providing the Engineering Services to the CGN Group would provide a reliable customer base and a stable income to the Group.

As further advised by the representatives of the Company, the 2023-2025 Engineering Services Framework Agreement does not prevent the Group from providing the Engineering Services to Independent Third Parties or other connected persons. Therefore, the Group may, but is not obliged to, continue to provide the Engineering Services to the CGN Group if the price is no less favourable than the price of comparable services provided to Independent Third Parties by the Group.

Having considered that (i) the 2023-2025 Engineering Services Framework Agreement is likely to provide a reliable customer base and a stable income to the Group due to the long-established relationship of the Group with the CGN Group; (ii) there is a potential demand for the Engineering Services by the CGN Group for their projects; and (iii) the Group may, but is not obliged to, continue to provide the Engineering Services to the CGN Group if the price is no less favourable than the price of comparable services provided to Independent Third Parties by the Group, we concur with the Directors' view that the entering into of the 2023-2025 Engineering Services Framework Agreement, which is conducted in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole.

### **3. Principal terms of the 2023-2025 Engineering Services Framework Agreement**

The Company entered into the 2023-2025 Engineering Services Framework Agreement with CGN on March 17, 2022, pursuant to which the Group shall provide the Engineering Services to the CGN Group. Further details of the 2023-2025 Engineering Services Framework Agreement are stated in the Letter from the Board.

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### *Pricing principles*

As stated in the Letter from the Board, the following pricing principles shall apply to the pricing of the services contemplated under the 2023-2025 Engineering Services Framework Agreement in the following order:

- (i) government-prescribed price and government-guided price: if at any time, the government-prescribed price is applicable to any particular type of products, technologies or services, such product, technology or service shall be supplied at the applicable government-prescribed price. Where a government-guided price standard is available, the price shall be agreed by reference to the government-guided price.

This pricing principle mainly applies to pre-construction engineering services, survey, design and technical services, general engineering, procurement and construction services, engineering project management services and bidding agency services. In particular, the relevant government-prescribed price and government-guided price of pre-construction engineering services, general engineering, procurement and construction services and engineering project management services mainly refer to the Guidelines on Fee Nature and Project Categorization of Nuclear Power Plant Construction (《核電廠建設項目費用性質及項目劃分導則》), the Construction Budgeting Methodology of Nuclear Power Plant Construction Projects (《核電廠建設項目建設預算編製方法》), the Regulations on Other Expense Budgeting of Nuclear Power Plant Construction Projects (《核電廠建設項目工程其他費用編製規定》) and the Regulation for Content of Pre-feasibility Study Report of Nuclear Power Plants (《核電廠初步可行性研究報告內容深度規定》) issued by the National Energy Administration (國家能源局) on its website as well as the Regulations on Construction Project Supervision and Associated Service Fees Management (《建設工程監理與相關服務收費管理規定》) issued by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on its website; the relevant government-prescribed price and government-guided price of survey, design and technical services mainly refer to the Regulations on Fees Management of Engineering Survey and Design (《工程勘察設計收費管理規定》) issued by the State Development Planning Commission (國家發展計劃委員會) and the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on their websites; the relevant government-prescribed price and government-guided price of bidding agency services mainly refer to the Provisional Measures on the Administration of Service Fees for Tender Agency Services (《招標代理服務收費管理暫行辦法》) issued by the National Development and Reform Commission (國家發展和改革委員會) etc.

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- (ii) market price: the price of the same or similar products or services provided by an Independent Third Party in the ordinary course of business on normal commercial terms.

This pricing principle mainly applies to pre-construction engineering services, survey, design and technical services and general engineering, procurement and construction services. Such prices are mainly those of the equipment, materials and services related to engineering construction sourced from the market through public bidding in accordance with the Implementing Regulations on the Tendering and Bidding Law of the PRC (《中華人民共和國招標投標法實施條例》) or the market price of Independent Third Parties. In particular, the Group conducts public bidding by issuing tender invitations to all unspecified bidders. The number of bidders is affected by the nature of the tender. For the aforesaid services, there are usually more than three bidders. However, the Group will also invite specific bidders to participate in tenders. According to the procurement procedures of the Group, the number of bidders invited must be three or more.

- (iii) agreed price: the price to be determined by adding a reasonable profit over a reasonable cost.

This pricing principle is used to a lesser extent. It applies to survey, design and technical services and engineering project management services. The costs of such services primarily include (i) the cost of services procured in the market or the cost of services stipulated by the internal pricing standard applicable to all members of the CGN Group and the Group; and (ii) the labour cost and travel expenses generated from the Group's management of relevant services, which are determined by the Group's labour cost and travel policies. The profit of these services is mainly derived from the management fees on the basis of the costs above. The rate of management fees is determined based on the historical costs and benefits of the CGN Group and the subsidiaries of the Group in the respective service projects. The rate of management fees is mainly affected by (i) the market share of similar services; and (ii) the inflation and changes in costs, and is ultimately determined based on the negotiation between the parties to the transactions in accordance with normal commercial terms. Based on the historical transactions, the rate of management fees of these services was generally around 10%.

As advised by the representatives of the Company, only (i) pre-construction engineering services; (ii) survey, design and technical services; (iii) general engineering, procurement and construction services; (iv) bidding agency services; and (v) other engineering services were provided by the Group to the CGN Group during the two years ended December 31, 2021. We have conducted the following works in relation to the pricing principles of the five types of the Engineering Services provided by the Group to the CGN Group:

- for the pre-construction engineering services and the general engineering, procurement and construction services, the representatives of the Company advised us that the payment schedule of the above services are in advance and in progress payment. The progress payment is based on the estimated progress of the project and

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as agreed with the CGN Group. Upon completion of certain stage of the project, the Group will calculate the cost incurred plus a management fee. The representatives of the Company advised us that the above payment manner is a usual practice for construction projects of nuclear power and wind power stations. We have obtained and reviewed the invoices of the five largest amount transactions of each kind of services between the Group and the CGN Group for each of the two years ended December 31, 2021. The costs as shown in the contracts of the above selected invoices were determined according to (i) the government-prescribed price; (ii) the government-guided price; and (iii) quotations from Independent Third Parties while the management fees were determined according to the government-prescribed management fee of newly-built power stations according to (a) the Regulations on Other Expense Budgeting of Nuclear Power Plant Construction Projects\* (《核電廠建設項目工程其他費用編制規定》) issued by the National Energy Administration regarding the related prices for nuclear power plant construction; or (b) the Specification and Calculation Basis for Cost Estimate of Offshore Wind Power Projects\* (《海上風電場工程設計概算編制規定及費用標準》) issued by the National Energy Administration regarding the related prices for wind power plant construction.

- for the survey, design and technical services, we have obtained and reviewed the invoices of the five largest amount transactions between the Group and the CGN Group for each of the two years ended December 31, 2021. The representatives of the Company advised us that the survey, design and technical services are various and the fees are determined after considering the complexity of the project, the manpower, the labour time and the labour hourly rate, which is based on the market price. We checked and noted that the labour hourly rate provided by the Group to the CGN Group is no less favourable than the labour hourly rate of comparable services provided to Independent Third Parties by the Group.
- for the bidding agency services, we have obtained and reviewed the invoices of the five largest amount transactions between the Group and the CGN Group for each of the two years ended December 31, 2021. The fees of the bidding agency services shown in the above invoices were determined in accordance with the government-prescribed price stated in the Provisional Measures on the Administration of Service Fees for Tender Agency Services\* (《招標代理服務收費管理暫行辦法》) issued by the National Development and Reform Commission regarding the price for bidding agency services.
- for the other engineering services, we have obtained and reviewed the invoices of the five largest amount transactions between the Group and the CGN Group for each of the two years ended December 31, 2021, which involved services relating to construction project supervision, the design assessment and design engineering for overseas nuclear power stations, and the general engineering, procurement and construction for overseas photovoltaic power stations. For the services relating to construction project supervision, the fee was determined according to the Regulations on Construction Project Supervision and Associated Service Fees Management\* (《建設工程監理與相關服務收費管理規定》) issued by the National

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Development and Reform Commission and the Ministry of Housing and Urban-Rural Development of the PRC. For the services relating to the design assessment and design engineering for overseas nuclear power stations, the fee was determined after considering the complexity of the project, the manpower, the labour time and the hourly rate, which is based on the market price. For the services relating to the general engineering, procurement and construction for overseas photovoltaic power stations, the fee was determined based on actual cost with a reasonable profit. We noted that the actual cost was determined according to quotations from Independent Third Parties, labour cost and travel expenses generated from the Group's management of the project and tax expenditure. The representatives of the Company advised us that the Group normally uses the actual cost in calculating the fee as the Group earns income mainly from the service fee. The profit margin was around 10%.

Taking into account that (i) the pricing principles of the Engineering Services under the 2023-2025 Engineering Services Framework Agreement are in line with the pricing principles under the 2020 Engineering Services Framework Agreement; and (ii) the service fees charged by the Group to the CGN Group under the 2023-2025 Engineering Services Framework Agreement are no less favourable to the Group than the terms to Independent Third Parties, we consider that the terms of the 2023-2025 Engineering Services Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

**4. The proposed annual caps for the four years ending December 31, 2025**

The following table sets out (i) the historical transaction amounts for the provision of the Engineering Services for the three years ended December 31, 2021; (ii) the current approved annual cap for the year ending December 31, 2022; and (iii) the proposed annual caps for the four years ending December 31, 2025.

	Historical transaction amounts			Current approved annual cap	Proposed annual caps			
				For the year ended/ending December 31,				
	2019	2020	2021	2022	2022	2023	2024	2025
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Total fees received/receivable from the CGN Group by the Group	3,824.92	11,743.03	19,011.91	11,969.83	30,793.00	35,168.00	41,154.00	43,111.00

According to the Letter from the Board, as at the date of the 14th meeting of the third session of the Board convened by the Company on March 17, 2022, the amount received and receivable from the CGN Group for the Engineering Services amounted to approximately RMB1,339.00 million.

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The representatives of the Company advised us that the proposed annual caps for the provision of the Engineering Services to the CGN Group for the four years ending December 31, 2025 were determined with reference to (i) the expected amounts for the four years ending December 31, 2025 based on relevant signed contracts; (ii) the expected amounts of the new projects of the CGN Group in relation to the pre-construction engineering services and the general engineering, procurement and construction services for the four years ending December 31, 2025; and (iii) the maximum historical amounts of the bidding agency services and sporadic engineering or reports related to the pre-construction engineering services and other engineering services for the three years ended December 31, 2021.

The expected amounts for the four years ending December 31, 2025 were determined with reference to relevant signed contracts together with the respective estimated progress of the signed contracts. We have obtained a list of the signed contracts and the three largest amount contracts on the list (the “**Top Three Contracts**”). The aggregate expected amounts for the four years ending December 31, 2025 as derived from the Top Three Contracts represented approximately 54.4%, 81.0%, 88.6% and 92.6% of the total expected amounts of the signed contracts.

The expected amounts of the new projects of the CGN Group for the four years ending December 31, 2025 were based on (i) the new projects of the CGN Group in relation to the pre-construction engineering services and the general engineering, procurement and construction services; (ii) the discussion with the CGN Group on its demand for the pre-construction engineering services and the general engineering, procurement and construction services for the four years ending December 31, 2025; and (iii) the respective estimated progress of the projects, which were determined with reference to the actual progress of the historical similar projects conducted by the Group. We have obtained the project list of the pre-construction engineering services and the general engineering, procurement and construction services which has been discussed with the CGN Group or are available for the Group to bid.

The expected amounts of the bidding agency services and sporadic engineering or reports related to the pre-construction engineering services and other engineering services for the four years ending December 31, 2025 were based on the maximum historical amounts of the provision of the bidding agency services and sporadic engineering or reports related to the pre-construction engineering services and other engineering services to the CGN Group for the three years ended December 31, 2021.

Having taken into consideration of the above, in particular the existing and potential engagements, we are of the view that the proposed annual caps for the provision of the Engineering Services to the CGN Group for the four years ending December 31, 2025 are determined based on reasonable estimation and after due and careful consideration and are fair and reasonable so far as the Independent Shareholders are concerned.

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### 5. Internal control measures

We have obtained the Management Rules on Connected Transactions (關連交易管理制度) and the Management Procedures on Connected Transactions (關連交易管理流程) 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 the Management Rules on Connected Transactions (關連交易管理制度) of the Company, the department of connected transaction management of the Group, which is currently the investor relations management department, is responsible for overseeing the caps. If the transaction amount of the continuing connected transactions reaches 80% of the annual cap, the business department\* (商務部門) of the Group should implement steps to prevent the exceeding of the annual caps. The representatives of the Company advised us that the business department of each subsidiary should enter the transaction amount of the Engineering Services into the approval system before entering into the transactions. The responsible officer of the investor relations management department will check the balances of the Engineering Services against the annual cap and check the pricing principles of the Engineering Services against the corresponding pricing principles. The upcoming Engineering Services should be approved by the investor relations management department of the Group before entering into so that the cap will not be exceeded and the pricing principles will be followed. We have obtained and reviewed one sample approval schedule in regard of the Engineering Services in 2021 and noted that the sample generally reflects the above procedures.

According to the Management Procedures on Connected Transactions (關連交易管理流程) of the Company, 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 2021 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.

Moreover, as stated in the 2020 Annual Report, the independent non-executive Directors have examined the specific implementation of the continuing connected transactions and confirmed that (i) the transactions were entered into in the ordinary and usual course of business of the Company; (ii) the transactions were carried out on normal commercial terms or more favourable terms; (iii) the transactions were carried out in accordance with the framework agreements in respect thereof, the terms of which were fair and reasonable and in the interest of the Shareholders as a whole; and (iv) the Company has formulated appropriate and effective internal control procedures with sound operation. As stated in the 2020 Annual Report, the auditor of the Company has issued an unqualified letter in respect of the continuing connected transactions disclosed in the 2020 Annual Report stating that (i) nothing has come

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to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board; (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group; (iii) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iv) with respect to the aggregate amount of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

Taking into account of the internal control measures as stated above, we concur with the Directors that there are adequate measures in place to monitor the provision of the Engineering Services (including the respective proposed annual caps) and hence the interest of the Independent Shareholders would be safeguarded.

**RECOMMENDATION**

Having considered the above principal factors and reasons, we are of the view that the terms of the 2023-2025 Engineering Services Framework Agreement and the annual caps for the four years ending December 31, 2025 are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the 2023-2025 Engineering Services Framework Agreement, which is conducted in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the AGM to approve the revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the transactions contemplated thereunder (including the annual caps).

Yours faithfully,  
For and on behalf of  
**TC Capital International Limited**  
**Edith Lee**  
*Director*

*Note:* Ms. Edith Lee has been a responsible officer of type 6 (advising on corporate finance) regulated activities under the SFO since 2015. She has participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong.

\* *For identification purpose only*

## 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'S INTEREST

As of the Latest Practicable Date, none of the Directors, the Supervisors or the chief executive of the Company had any interest and/or short position in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the 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 the 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 the Company carrying rights to vote in all circumstances at general meeting of the Company:

Shareholder	Capacity/Nature of Interest	Number and 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)	74.17	57.78
		528,302,000 <sup>(3)</sup> H Shares (L)	4.73	1.04

Shareholder	Capacity/Nature of Interest	Number and 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	1,336,430,000 H Shares (L)	11.97	2.65
BlackRock, Inc.	Interest in controlled corporation	554,687,018 H Shares (L)	4.97	1.10
BlackRock, Inc.	Interest in controlled corporation	7,395,000 H Shares (S)	0.07	0.01

*Notes:*

- (1) (L) denotes long position and (S) denotes short 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 the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.
- (3) Including 10,000,000 H shares held by CGN through one of its wholly-owned subsidiaries.

#### 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 the Group since December 31, 2021, being the date to which the latest published audited financial statements of the Group were made up.

#### 5. MATERIAL ACQUISITION

During the period subsequent to December 31, 2021 (being the date to which the latest published audited financial statements of the Company were made up) and up to the Latest Practicable Date, none of the subsidiaries of the 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 the Company.

**6. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS**

As of the Latest Practicable Date, none of the Directors or the 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 the 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, 2021, being the date to which the latest published audited financial statements of the Group were made up.

**8. DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS**

None of the Directors or the 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 the Group.

<b>Name of Director</b>	<b>Position in the Company</b>	<b>Other Interests</b>
Mr. Yang Changli	Chairman of the Board and non-executive Director	Chairman of CGN
Mr. Gao Ligang	Executive Director and President	Director and general manager of CGN
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 expert referred to above had any shareholding in any subsidiary of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any subsidiary of the 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, 2021 (being the date to which the latest published audited financial statements of the 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 following agreements (not being entered into the ordinary course of business) have been entered into by the Group within two years immediately preceding the date of this circular and which are or may be material:

- (a) the 2023-2025 Engineering Services Framework Agreement;
- (b) the equity transfer agreement entered into between China Nuclear Power Technology Research Institute Co., Ltd.\* (中廣核研究院有限公司) (a wholly-owned subsidiary of the Company) (“**CNPRI**”) and Shanghai Engineering Science & Technology Co., Ltd.\* (上海中廣核工程科技有限公司) (a wholly-owned subsidiary of CGN) (“**Shanghai Technology**”) on March 17, 2022 in relation to the disposal of 75% equity interest in China Nuclear Power (Beijing) Simulation Technology Corporation Ltd.\* (中廣核(北京)仿真技術有限公司) by CNPRI to the Shanghai Technology;

- (c) the 2022-2024 comprehensive services framework agreement entered into between the Company and CGN on November 30, 2021, pursuant to which (i) CGN Group agreed to provide the Group with certain types of comprehensive services and (ii) the Group agreed to provide CGN Group with certain types of integrated services;
- (d) the 2022-2024 technical support and maintenance services framework agreement entered into between the Company and CGN on November 30, 2021, pursuant to which (i) CGN Group agreed to provide the Group with certain types of technical support and maintenance services and (ii) the Group agreed to provide CGN Group with certain types of technical support and maintenance services;
- (e) the 2022-2024 entrusted management framework agreement entered into between the Company and CGN on November 30, 2021, pursuant to which the Group agreed to provide CGN with certain entrusted services and exercise its rights and powers over the entrusted target company on behalf of CGN; and
- (f) the 2021-2023 financial services framework agreement entered into between the Company and CGN on March 18, 2021, pursuant to which CGN Group agreed to provide the Group with deposits, loans and other financial services.

### 13. GENERAL

- (a) The joint company secretaries of the Company are Mr. Yin Engang and Ms. Ng Sau Mei. Ms. Ng Sau Mei is a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (b) The registered address of the Company as registered with the Administration for Industry and Commerce is at 18/F, South Tower, CGN Building, No. 2002 Shennan Road, Futian District, Shenzhen.
- (c) The address of the H Share Registrar, Computershare Hong Kong Investor Services Limited, and transfer office of the 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 Chinese language text of this circular shall prevail over the English language text.

**14. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cgnp.com.cn](http://www.cgnp.com.cn)) from the date of this circular up to 14 days (inclusive) thereafter:

- (a) the 2023-2025 Engineering Services Framework Agreement;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out from pages 37 to 38 of this circular;
- (c) the letter from the Independent Financial Advisor, the text of which is set out from pages 39 to 50 of this circular; and
- (d) the written consent referred to in paragraph headed “11. Expert and Consents” in this appendix.

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 2021 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 2021 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, 2021 (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>
2021	January	2.98	2.72	1.98	1.63
	February	2.79	2.60	1.83	1.63
	March	3.01	2.72	1.97	1.70
	April	2.85	2.69	1.88	1.73
	May	2.79	2.71	1.88	1.71
	June	2.77	2.66	1.76	1.66
	July	2.69	2.49	1.74	1.59
	August	2.65	2.51	1.80	1.62
	September	3.50	2.64	2.44	1.71
	October	3.49	2.83	2.55	2.06
	November	2.99	2.75	2.25	2.02
	December	3.29	2.89	2.50	2.09
2022	January	3.19	2.85	2.48	2.10
	February	3.12	2.88	2.36	2.11
	March	3.04	2.62	2.25	1.89
	April (up to the Latest Practicable Date)	2.75	2.71	2.09	2.03

## 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 29,704,943,375 Shares, representing approximately 58.82% 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 65.36%. 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 A SHARES AND H SHARES**

Pursuant to the Rules for Repurchase of Shares by Listed Companies (《上市公司股份回購規則》) of the CSRC, with reference to the details in relation to the general mandate to repurchase Shares by the Company, the Company may repurchase A Shares in order to safeguard its value and Shareholders' rights and interests or for use in employee stock ownership plans or as equity incentives. The Company has to announce a share repurchase plan which shall include particulars such as price range, purpose and size of the repurchase before making specific repurchase in the A share market, and such repurchased A Shares shall be dealt with according to the disclosed purposes within three years. In respect of the repurchased A Shares that are not being dealt with according to the disclosed purposes, they shall be cancelled before the expiration of the three years. If the purpose of repurchasing shares is to maintain the value of the Company and Shareholders' rights and interests, the repurchased A Shares can also be sold through centralized bidding after fulfilling the pre-disclosure obligations.

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, 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.

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## NOTICE OF 2021 ANNUAL GENERAL MEETING

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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)**

### NOTICE OF 2021 ANNUAL GENERAL MEETING

**NOTICE IS HERBY GIVEN THAT** the 2021 annual general meeting (the “AGM”) of CGN Power Co., Ltd. (the “Company”) will be held at 2:30 p.m. on Friday, May 27, 2022 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, 2021.
2. To consider and approve the report of the Supervisory Committee for the year ended December 31, 2021.
3. To consider and approve the annual report for the year 2021.
4. To consider and approve the audited financial report for the year ended December 31, 2021.
5. To consider and approve the profit distribution plan for the year ended December 31, 2021.
6. To consider and approve the investment plan and capital expenditure budget for the year 2022.
7. To consider and approve the appointment of KPMG Huazhen LLP as the financial report auditor of the Company for the year 2022 until the end of the next annual general meeting of the Company, and to authorize the Board to determine its remuneration.

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## NOTICE OF 2021 ANNUAL GENERAL MEETING

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8. To consider and approve the appointment of Pan-China Certified Public Accountants LLP as the internal control auditor of the Company for the year 2022 until the end of the next annual general meeting of the Company, and to authorize the Board to determine its remuneration.
9. To consider and approve the appointment of non-employee representative Supervisor
10. To consider and approve the remuneration of Directors and Supervisors for the year 2022.
11. To consider and approve the continuing connected transactions – revision of annual cap, the 2023-2025 Engineering Services Framework Agreement and the proposed annual caps thereunder.

### Special Resolutions

12. To consider and approve the application for registration of shelf-offering corporate bonds with the exchange.
13. 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.
14. 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 8, 2022

*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, Mr. Wang Hongjun and Mr. Gu Jian as non-executive Directors; Mr. Li Fuyou, Mr. Yang Jiayi, Mr. Xia Ceming and Mr. Tang Chi Cheung as independent non-executive Directors.*

\* For identification purpose only

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## NOTICE OF 2021 ANNUAL GENERAL MEETING

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*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 (the “**Hong Kong Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), 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 Wednesday, April 27, 2022 to Friday, May 27, 2022, 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 Wednesday, April 27, 2022 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 Tuesday, April 26, 2022.

- (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 Friday, May 6, 2022 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 more than one 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.

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## NOTICE OF 2021 ANNUAL GENERAL MEETING

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(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 Centre, 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 2022 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 2022 FIRST H SHAREHOLDERS' CLASS MEETING

**NOTICE IS HERBY GIVEN THAT** the 2022 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 Friday, May 27, 2022 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 Repurchasing 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 8, 2022

*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, Mr. Wang Hongjun and Mr. Gu Jian as non-executive Directors; Mr. Li Fuyou, Mr. Yang Jiayi, Mr. Xia Ceming and Mr. Tang Chi Cheung as independent non-executive Directors.*

\* For identification purpose only

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## NOTICE OF THE 2022 FIRST H SHAREHOLDERS' CLASS MEETING

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*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 (the "**Hong Kong Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"), 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 Wednesday, April 27, 2022 to Friday, May 27, 2022, 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 Wednesday, April 27, 2022 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 Tuesday, April 26, 2022.

- (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 Friday, May 6, 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 more than one registered joint holders attend this H Shareholders' Class Meeting 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.

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## NOTICE OF THE 2022 FIRST H SHAREHOLDERS' CLASS MEETING

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(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.
- (iii) Address of Computershare Hong Kong Investor Services Limited:

17M Floor,  
Hopewell Centre, 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

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**PRE-REGISTRATION FORM FOR ATTENDING THE MEETINGS**

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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 the period of the past 14 days	
Other circumstances that make the person unsuitable to attend the meetings	
Confirmation of registration (the Company to confirm)	