
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



中國廣核電力股份有限公司

CGN Power Co., Ltd.*

(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 2018
- (2) Report of the Supervisory Committee for the year 2018
- (3) Annual Report for the year 2018
- (4) Audited Financial Statements for the year 2018
- (5) Investment Plan and Capital Expenditure Budget for the year 2019
- (6) Re-appointment of Auditor for the year 2019
- (7) Remuneration of Directors and Supervisors for the year 2019
- (8) Continuing Connected Transactions —
2020 Engineering Services Framework Agreement
- (9) Domestic Registration and Issuance of RMB Denominated Bonds
- (10) General Mandate to Issue Shares
- And
- (11) Notice of 2018 Annual General Meeting

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



TC CAPITAL

A letter from the Board is set out on pages 4 to 21 of this circular.

The Company will convene the AGM at 10:00 a.m. on Wednesday, May 29, 2019 at Grand Ballroom, Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong. The notice of the AGM is set out on pages N-1 to N-4 of this circular.

Whether or not you are able to attend and/or vote at the AGM, you are requested to complete and return (i) the accompanying reply slip in accordance with the instructions printed thereon on or before Thursday, May 9, 2019 to the H Share Registrar or the headquarters of the Company in the PRC (as the case may be) 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 or any adjournment thereof to the H Share Registrar (for holders of H Shares) or the headquarters of the Company in the PRC (for holders of Domestic Shares). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment should you so wish.

* For identification purpose only

April 9, 2019

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
I. Introduction	5
II. Matters to be resolved at the AGM	5
III. Ordinary Resolutions	6
Part I	6
To consider and approve the report of the Board of Directors for the year 2018 ...	6
To consider and approve the report of the Supervisory Committee for the year 2018	6
To consider and approve the annual report for the year 2018	7
To consider and approve the audited financial report for the year 2018	7
To consider and approve the investment plan and capital expenditure budget for the year 2019	7
To consider and approve the re-appointment of auditor for the year 2019	8
To consider and approve the remuneration of Directors and Supervisors for the year 2019	8
Part II	10
To consider and approve the continuing connected transactions —2020 Engineering Services Framework Agreement	10
IV. Special Resolution	18
To consider and approve the domestic registration and issue of RMB denominated bonds	18
To consider and approve to grant the general mandate to the Board of Directors to issue additional H Shares of the Company	19
V. The AGM	20
VI. Recommendation	21
VII. Additional Information	21
LETTER FROM THE INDEPENDENT BOARD COMMITTEE TO THE INDEPENDENT SHAREHOLDERS	22
LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR TO THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT SHAREHOLDERS	24
APPENDIX I — GENERAL INFORMATION	I-1
NOTICE OF 2018 ANNUAL GENERAL MEETING	N-1

DEFINITIONS

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

“AGM” or “Annual General Meeting”	the 2018 annual general meeting of the Company to be held at 10:00 a.m. on Wednesday, May 29, 2019 at Grand Ballroom, Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of Directors of the Company
“CASBE”	China Accounting Standards for Business Enterprises
“CBRC”	China Banking Regulatory Commission
“CGN”	China General Nuclear Power Corporation* (中國廣核集團有限公司), a state-owned enterprise established in the PRC on September 29, 1994 and the controlling shareholder and promoter of the Company, and thus a connected person of the Company, with 90% of its equity interest held by the SASAC and 10% by Guangdong Hengjian Investment Holdings Co., Ltd.* (廣東恒健投資控股有限公司)
“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 incorporated under PRC law on March 25, 2014, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1816)
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules, as at the Latest Practicable Date, it refers to CGN
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary shares in our capital, with the nominal value of RMB1.00 each, which are subscribed for or paid up in Renminbi

DEFINITIONS

“Group”	the Company and its subsidiaries
“H Share Registrar”	Computershare Hong Kong Investor Services Limited, the H Share registrar of the Company
“H Share(s)” or “Foreign Share(s)”	overseas-listed foreign shares in our share capital with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee constituted by Mr. Na Xizhi, Mr. Hu Yiguang and Mr. Francis Siu Wai Keung, for the purpose of providing advice to Independent Shareholders in respect of the terms of the 2020 Engineering Services Framework Agreement and the related proposed annual caps
“Independent Shareholder(s)”	Shareholders other than CGN and its associates
“Independent Third Party(ies)”	persons which are not connected with any Directors, the Supervisors, the chief executives or the substantial shareholders of the Company or any of its subsidiaries or their respective associates
“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 activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2020 Engineering Services Framework Agreement (including the proposed annual caps)
“Issue Mandate”	a general mandate proposed to be granted to the Board by the Shareholders at the AGM to issue not more than 20% of the number of H Shares in issue as at the date of passing the relevant special resolution of the Company, at any time during the period specified in the relevant special resolutions set out in the notice of the AGM
“Latest Practicable Date”	April 4, 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

DEFINITIONS

“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
“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 (Cap 571 of the laws of Hong Kong)
“Share(s)”	Domestic Shares and H Shares
“Shareholder(s)”	shareholder(s) of the Company
“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
“2014 Engineering Services Framework Agreement”	the 2014 Engineering Services Framework Agreement entered into by the Company with CGN on November 21, 2014
“Supplemental Agreement to the 2014 Engineering Services Framework Agreement” or “Supplemental Agreement”	the supplemental agreement to the 2014 Engineering Services Framework Agreement entered into by the Company with CGN on September 25, 2016
“2020 Engineering Services Framework Agreement”	the Engineering Services Framework Agreement entered into by the Company with CGN on March 12, 2019

LETTER FROM THE BOARD



中國廣核電力股份有限公司

CGN Power Co., Ltd.*

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

(Stock Code: 1816)

Executive Director:

Mr. Gao Ligang

Non-executive Directors:

Mr. Zhang Shanming (*Chairman*)

Mr. Tan Jiansheng

Mr. Shi Bing

Ms. Zhong Huiling

Mr. Zhang Yong

Independent non-executive Directors:

Mr. Na Xizhi

Mr. Hu Yiguang

Mr. Francis Siu Wai Keung

Registered Office and Headquarters in the PRC:

18/F, South Tower, CGN Building, No. 2002,
Shennan Road, Futian District, 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 2018**
- (2) Report of the Supervisory Committee for the year 2018**
- (3) Annual Report for the year 2018**
- (4) Audited Financial Statements for the year 2018**
- (5) Investment Plan and Capital Expenditure Budget for the year 2019**
- (6) Re-appointment of Auditor for the year 2019**
- (7) Remuneration of Directors and Supervisors for the year 2019**
- (8) Continuing Connected Transactions —**
2020 Engineering Services Framework Agreement
- (9) Domestic Registration and Issuance of RMB Denominated Bonds**
- (10) General Mandate to Issue Shares**
- And**
- (11) Notice of 2018 Annual General Meeting**

LETTER FROM THE BOARD

I. INTRODUCTION

The Company intends to hold the 2018 AGM at 10:00 a.m. on Wednesday, May 29, 2019 at Grand Ballroom, Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong. The notice to convene the AGM has been dispatched on April 9, 2019, and is set out on pages N-1 to N-4 of this circular.

The purpose of this circular is to provide you with details of the resolutions to be proposed by the Board for Shareholders to consider and approve as ordinary resolutions or special resolution, as the case may be, at the AGM and provide all reasonably required information (including the details of the continuing connected transactions disclosed by the Company in the announcement dated March 12, 2019, advice from the Independent Board Committee and advice from the Independent Financial Advisor) 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 section III of the 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 2018.
2. To consider and approve the report of the Supervisory Committee for the year 2018.
3. To consider and approve the annual report for the year 2018.
4. To consider and approve the audited financial statements for the year 2018.
5. To consider and approve the investment plan and capital expenditure budget for the year 2019.
6. To consider and approve the re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the auditor of the Company for the year 2019 until the end of the next annual general meeting of the Company, and to authorize the Board to determine their remuneration.
7. To consider and approve the remuneration of Directors and Supervisors for the year 2019.

LETTER FROM THE BOARD

Part II:

8. To consider and approve the 2020 Engineering Services Framework Agreement.

Special resolutions

9. To consider and approve to register and issue RMB denominated bonds in China.
10. To consider and approve to grant the general mandate to the Board of Directors for allotting, issuing and dealing with additional H Shares during the relevant period.

III. ORDINARY RESOLUTIONS

Part I:

1. To consider and approve the report of the Board of Directors for the year 2018

According to the Articles of Association, the Board of Directors has prepared the report of the Board of Directors for the year 2018, its main contents include business performance, asset condition, corporate governance, financial assistance and guarantee and share capital of the Company.

The report was considered and approved by the Board of Directors at the 10th meeting of the second session of the Board of the Directors, the full text of the report is included in the annual report for the year 2018 dispatched by the Company on April 9, 2019, 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 2018.

2. To consider and approve the report of the Supervisory Committee for the year 2018

According to the Articles of Association, the Supervisory Committee has prepared the report of the Supervisory Committee for the year 2018, 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 11th meeting of the second session of the Supervisory Committee, the full text of the report is included in the annual report for the year 2018 dispatched by the Company on April 9, 2019, 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 2018.

LETTER FROM THE BOARD

3. To consider and approve the annual report for the year 2018

According to the Articles of Association, the Company has prepared the annual report for the year 2018.

The report was considered and approved by the Board of Directors at the 10th meeting of the second session of the Board of Directors, the full text of the report is included in the annual report for the year 2018 dispatched by the Company on April 9, 2019, 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 2018.

4. To consider and approve the audited financial report for the year 2018

The financial report of the Company for the year ended December 31, 2018 prepared in accordance with the CASBE has been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP and considered and approved by the Board of Directors at the 10th meeting of the second session of the Board of Directors. The full text of the report is included in the annual report for the year 2018 dispatched by the Company on April 9, 2019, 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, 2018 prepared in accordance with the CASBE.

5. To consider and approve the investment plan and capital expenditure budget for the year 2019

According to the Articles of Association, the Company has formulated its investment plan and capital expenditure budget for the year 2019.

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 RMB25,260 million in the year 2019, of which, the investment in properties, plants and equipment of RMB22,700 million will be applied to fixed assets procurement, renewal and transformation of nuclear power stations in operation, construction investment of nuclear power stations under construction, investment in scientific research and development and information construction. In addition, equity investment of RMB560 million will be applied to the capital contribution into nuclear power plants under construction, and acquisition of potential and contingent projects. Moreover, the reserve pool of RMB2,000 million was made to respond to the market changes and handle contingencies.

LETTER FROM THE BOARD

This investment plan and capital expenditure budget have been considered and approved by the Company at the 9th meeting of the second 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 2019.

6. To consider and approve the re-appointment of auditor for the year 2019

The proposal that Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu be appointed as the auditors of the Company for the year 2018, responsible for the domestic and international auditing of the Company respectively and who would hold office until the conclusion of the 2018 AGM, was considered and approved at the 5th meeting of the second session of the Board of Directors and approved at the 2017 annual general meeting of the Company.

According to the Articles of Association and the proposal made by the audit and risk management committee of the Board, the Company intends to re-appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP as our auditor for the year 2019, responsible for both the domestic and international auditing of the Company and will hold office until the conclusion of the annual general meeting of the Company for the year 2019, and authorize the Board to determine its remuneration based on the actual situations of auditing.

The above proposal in relation to the appointment of auditors for the year 2019 was considered and approved at the 10th meeting of the second session of the Board of Directors of the Company.

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 Deloitte Touche Tohmatsu Certified Public Accountants LLP as our auditor of the Company for the year 2019.

7. To consider and approve the remuneration of Directors and Supervisors for the year 2019

The Company formulated remuneration packages of Directors and Supervisors for the year 2019 as follows:

Name	Position	Remuneration proposal
Zhang Shanming	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
Tan Jiansheng	Non-executive Director	To be paid by CGN instead of the Company
Shi Bing	Non-executive Director	To be paid by CGN instead of the Company

LETTER FROM THE BOARD

Name	Position	Remuneration proposal
Zhong Huiling	Non-executive Director	To be paid by Guangdong Hengjian Investment Holdings Co., Ltd. (中國核能電力股份有限公司) instead of the Company
Zhang Yong	Non-executive Director	To be paid by China National Nuclear Power Co., Ltd., a subsidiary of China National Nuclear Corporation (中國核工業集團有限公司), instead of the Company
Na Xizhi	Independent non-executive Director	RMB500,000 per year
Hu Yiguang	Independent non-executive Director	RMB450,000 per year
Francis Siu Wai Keung	Independent non-executive Director	RMB650,000 per year
Chen Sui	Chairman of the Supervisory Committee and Non-employee representative Supervisor	To be paid by CGN instead of the Company
Yang Lanhe	Non-employee representative Supervisor	RMB150,000 per year
Chen Rongzhen	Non-employee representative Supervisor	RMB150,000 per year
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

The above remunerations include salaries, discretionary bonus, retirement benefit scheme contributions and other allowances.

The above remuneration proposal has been considered and approved by the remuneration committee of under the Board and passed at the 10th meeting of the second session of the Board of Directors of the Company. When the remuneration committee of the Company and the Board took a vote on the above remuneration proposal after consideration, the relevant Directors abstained from voting on matters which conflicted with their interests.

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

LETTER FROM THE BOARD

Part II:

8. To consider and approve the continuing connected transactions—2020 Engineering Services Framework Agreement

i. Introduction

The Company entered into the 2014 Engineering Services Framework Agreement with CGN on November 21, 2014 and entered into the supplemental agreement to the 2014 Engineering Services Framework Agreement with CGN on September 25, 2016.

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

Reference is made to the announcement with respect to the continuing connected transactions issued by the Company on March 12, 2019, which announced, among others, that the Board considered and approved the resolution on the Company entering into the 2020 Engineering Services Framework Agreement with CGN on March 12, 2019. The resolution will be submitted to the AGM for the Independent Shareholders to consider and approve the provision of engineering services under the 2020 Engineering Services Framework Agreement and the related proposed annual caps as one of the ordinary resolutions. Details of the 2020 Engineering Services Framework Agreement and the related proposed annual caps are set out in this circular as follows.

CGN will abstain from voting in respect of the ordinary resolution on matters relating to the 2020 Engineering Services Framework Agreement at the AGM.

ii. Major Terms of the 2020 Engineering Services Framework Agreement

Date of Execution and Term

The Company and CGN entered into the 2020 Engineering Services Framework Agreement on March 12, 2019.

Provided that the 2020 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 general meeting of the Company, the 2020 Engineering Services Framework Agreement shall be valid for a term of three years from January 1, 2020 to December 31, 2022. 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-mentioned agreements.

LETTER FROM THE BOARD

Scope of Services

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

Pricing Principles and Their Application

The following pricing principles shall apply to the pricing of services contemplated under the 2020 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 or services, such product or service shall be supplied at the applicable government-prescribed price. Where a government-guided fee standard is available, the price 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, engineering, procurement and construction services, engineering project management services and bidding agency services. The relevant government-prescribed price and government-guided price are currently and mainly set out in the (i) 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》) issued by National Energy Administration (國家能源局); (ii) Budgeting Methodology of Nuclear Power Plant Construction Projects (《核電廠建設項目預算編制方法》) issued by National Energy Administration; (iii) 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 National Energy Administration; (iv) Regulations on Fees Management of Engineering Survey and Design (《工程勘察設計收費管理規定》) issued by the National Development and Reform Commission (國家發展和改革委員會) and Ministry of Housing and Urban-Rural Development of the People's Republic of China (中華人民共和國住房和城鄉建設部); (v) Regulations on Construction Project Supervision along with Associated Service Fee Charging (《建設工程監理與相關服務收費管理規定》) issued by the National Development and Reform Commission and Ministry of Housing and Urban-Rural Development of the People's Republic of China; (vi) "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; and (vii) Provisional Measures on the Administration of Service Fees Charged 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 etc.

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

LETTER FROM THE BOARD

This pricing principle mainly applies to pre-construction engineering services, survey, design and technical services and engineering, procurement and construction services. Such prices are mainly those of the design, 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 People's Republic of China (《中華人民共和國招標投標法實施條例》) or the market price of Independent Third Parties.

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

This pricing principle is barely-used on a few occasions. 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 which applies to all members of the 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 the CGN Group and the subsidiaries of the Group in the respective service projects. The rate of management fee is principally affected by (i) the market share of similar services; and (ii) inflation and changes in costs, and be determined ultimately 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%.

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 proposed annual caps under the 2020 Engineering Services Framework Agreement exceed 5% on annual basis, the 2020 Engineering Services Framework Agreement and the non-exempt continuing connected transactions contemplated thereunder are subject to announcement, annual reporting, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Internal Control Measures

Our 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.

LETTER FROM THE BOARD

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, our Group reviews the relevant government-prescribed price or government-guided price to ensure that the price of CGN 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, our Group reviews the terms provided by Independent Third Parties, and ensures that the principal terms provided by CGN Group are no less favourable to our Group than those provided by Independent Third Parties; and (b) for the purpose of providing products or services to CGN Group, our Group reviews the terms provided to Independent Third Parties, and ensures that the principal terms provided to CGN Group are no less favourable to our Group than those provided to Independent Third Parties;
- (iii) For the purpose of the principles of agreed price, if both the principles of the government price and market price do not apply, the price with CGN Group is determined by adding a reasonable profit over a reasonable cost, and our Group will ensure that the relevant profit is no less favourable to that provided by Independent Third Parties; and
- (iv) In accordance with the Hong Kong Listing Rules, (a) the external auditor of our 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 our Group, to confirm whether anything has come to our attention that causes us to believe the continuing connected transactions are not, in all material respects, in accordance with the pricing policies of our 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 our Company and the Shareholders as a whole.

For the purpose of the 2020 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 conditions 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 under the 2020 Engineering Services Agreement are exceeded, renewed or materially varied, the Company will re-comply with the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rules 14A.35 to 14A.47 of the Hong Kong Listing Rules.

LETTER FROM THE BOARD

iii. ***Comparison between the 2020 Engineering Services Framework Agreement and the 2014 Engineering Services Framework Agreement and the Supplemental Agreement***

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

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, 2016, 2017 and 2018 are set out below:

	Year Ended December 31,		
	<i>(RMB million)</i>		
	2016	2017	2018
Approximate total fees received and receivable from CGN Group by our Group on an actual basis	385.24	812.86	1,158.80

In the three years of 2016, 2017 and 2018, the amount of received/receivables from CGNPC for engineering services is lower than the upper limit of approved annual caps, mainly because the development of nuclear power projects were slower than the original forecast, and the actual amount of Huizhou project and Xianning project with larger amounts in the original forecast was lower.

Proposed Annual Caps:

The maximum aggregate annual amount of fees for the three years ending December 31, 2020, 2021 and 2022 shall not exceed the caps as set out below:

	Year Ending December 31,			
	<i>(RMB million)</i>			
	Current approved annual caps	Proposed annual caps		
	2019	2020	2021	2022
Total fees received/receivable from CGN Group by our Group	13,083.65	24,992.72	21,752.15	11,969.83

The group's proposed annual caps upper limit for engineering services in 2020, 2021 and 2022 are high, mainly due to (i) more offshore wind power projects have been approved by the relevant government agencies in the past two years. Among them, the construction of the offshore wind power

LETTER FROM THE BOARD

projects contracted by CGNPC are expected to start in these few years, resulting in increased demand for engineering services for offshore wind power projects; and (ii) 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, we 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, taking into consideration the reviewing process of the Chinese regulators on nuclear power projects, as well as the increased demand of other non-nuclear power projects of CGN Group, especially the offshore wind power projects mentioned above; (iii) the estimated contract value and payment arrangement of projected new engineering services contracts to be entered into between our 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 three years ending December 31, 2020, 2021 and 2022, we have considered, among other factors:

- (a) the growth from the current annual cap of approximately RMB13,084 million for the year ending December 31, 2019 to the proposed annual cap of approximately RMB24,993 million for the year ending December 31, 2020, representing a difference of approximately RMB11,909 million, is primarily attributable to, among other things: (i) increase in the demand for engineering services of the Cangnan project of CGN Group by approximately RMB2,028 million, as well as the increase in the demand for engineering services of non-nuclear power projects by approximately RMB19,473 million, where the installed capacity of the new offshore wind power projects could reach 2,682 MW, and the corresponding demand for engineering services contributes approximately 99.9% of the increased demand from the construction of non-nuclear power projects; and (ii) the actual progress of Xianning project, Huizhou project and offshore nuclear power projects have fallen behind schedule, resulting in a decrease in the corresponding demand for engineering services from previously expected amount by approximately RMB9,699 million;
- (b) the decrease in the proposed annual cap from approximately RMB24,993 million for the year ending December 31, 2020 to approximately RMB21,752 million for the year ending December 31, 2021, representing a difference of approximately RMB3,241 million, is primarily attributable to, among other things: (i) the decline in demand for engineering services for the construction of non-nuclear power engineering projects of CGN Group by approximately RMB3,745 million, mainly because some projects with smaller installed capacities have come to their final stages due to the short construction cycle of offshore

LETTER FROM THE BOARD

wind power projects, leading to a reduced demand for engineering services in 2021; and (ii) the construction of Cangnan project of CGN Group will make significant progress upon commencement, resulting in an increase in corresponding demand for engineering services by approximately RMB680 million; and

- (c) the decrease in the proposed annual cap from approximately RMB21,752 million for the year ending December 31, 2021 to approximately RMB11,970 million for the year ending December 31, 2022, representing a difference of approximately RMB9,782 million, is primarily attributable to, among other things: (i) the decline in demand for engineering services for the construction of non-nuclear power engineering projects of CGN Group by approximately RMB12,454 million, mainly because some projects with larger installed capacities have come to their final stages due to the short construction cycle of offshore wind power projects; and (ii) the expected peak season of construction of Cangnan project and Huizhou project of CGN Group, resulting in an increase in demand for engineering services by approximately RMB2,261 million.

v. *Reasons for and Benefits for Transactions and Directors' View*

Reasons for and Benefits of the Transactions

After completing the acquisition of China Nuclear Power Engineering Co., Ltd (中廣核工程有限公司) in 2016, the external provision of engineering services had become transactions which are revenue in nature in our ordinary operations. Given that (i) the Group has extensive experience in the construction and management of nuclear power projects, and is capable of providing up to required standards and of required quality nuclear power engineering services on a continuous basis that are satisfying for CGN Group; (ii) we are in the process of constructing and managing the demonstration project of Hualong I, a third-generation nuclear power technology, which helps to boost our capabilities in design and application of third-generation nuclear power technology; and (iii) our experience 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, we 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 our Group and CGN Group, the stable revenue to be generated from the businesses of CGN Group for the benefit of our Group, as well as the arising demand for new transactions, the Directors (including the independent non-executive Directors) are of the view that the 2020 Engineering Services Framework Agreement and the abovementioned 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 our Company and the Shareholders as a whole.

vi. *Information about the Parties*

The Group

Our 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.

LETTER FROM THE BOARD

CGN

Established on September 29, 1994, CGN is a large clean energy enterprise under supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. CGN Group is principally engaged in the generation and sale of power, and the construction, operation and management of nuclear and non-nuclear clean projects. As of the date of this circular, CGN held approximately 64.20% of the issued share capital of our Company and is the Controlling Shareholder of our Company.

vii. *The Board's Approval*

Our Company convened a board meeting on March 12, 2019. The Directors who have a conflict of interests in the abovementioned continuing connected transactions, including Mr. Zhang Shanming, Mr. Tan Jiansheng and Mr. Shi Bing, have abstained from voting on the resolutions in connection with the continuing connected transactions. The Board had considered and approved the resolutions in relation to the continuing connected transactions. The Directors are of the view that the 2020 Engineering Services Framework Agreement (including the proposed annual caps) and all related matters thereof are fair and reasonable, on normal commercial terms and in the interests of our 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 2020 Engineering Services Framework Agreement and the proposed annual caps are fair and reasonable and in the interests of our Company and the Shareholders as a whole. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 22 to 23 of this circular. The letter from the Independent Board Committee to the Independent Shareholders contains its recommendation on the 2020 Engineering Services Framework Agreement and the related proposed annual caps. Having considered the pricing policies with respect to the 2020 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 2020 Engineering Services Framework Agreement is fair and reasonable to the Independent Shareholders and in the general interest of the Company and the Shareholders as a whole.

ix. *Independent Financial Advisor*

TC Capital International Limited has been appointed by our Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the 2020 Engineering Services Framework Agreement and the proposed annual caps are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

LETTER FROM THE BOARD

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

CGN Group was considered to have material interests in the 2020 Engineering Services Framework Agreement. In accordance with Rule 14A.36 of the Hong Kong Listing Rules, any connected person who has material interests in such transactions must abstain from voting on the relevant resolutions at the general meeting. CGN holds 29,176,641,375 Shares in our Company, representing approximately 64.20% of the total issued Shares of our Company, and therefore it and its close associates shall abstain from voting on the 2020 Engineering Services Framework Agreement at the 2018 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 of the Latest Practicable Date, whereby they have or may have temporarily or permanently passed control over the exercise of the voting rights in respect of its Shares to a third party, either generally or on a case-by-case basis.

As of the Latest Practicable Date, and to the best knowledge, information and belief of the Directors, saved as disclosed in this circular, no Shareholder is required to abstain from voting in respect of other resolutions. For the details of the shareholding interest owned by CGN in the Company, please refer to section V headed “The AGM” in the letter from the Board and Appendix I to this circular.

IV. SPECIAL RESOLUTIONS

9. **To Consider and Approve the Domestic Registration and Issue of RMB Denominated Bonds**

Directors believe that long-term bank borrowings are the primary resources of debt financing of the Company and bond financing can well serve as another financing vehicle as nuclear power projects require large investment and spending as well as long-term construction and recovering. Given that the ultra short-term financing notes of RMB5 billion registered by the Company was due; the medium-term notes of RMB10 billion will be due in August 2019; the interest rate of the current bond market has been at a low level for these two years, the Company intends to issue the medium- and long-term bonds of no more than RMB15 billion in the PRC to ensure immediate and direct financing, increasing capital sufficiency, continuous optimization of debt structure, and efficient control of financing costs. The RMB bonds will be issued under the principal terms as follows:

- (i) Type: Including but not limited to short-term financing notes, ultra short-term financing notes, medium-term notes, corporate bonds, enterprise bonds, etc.
- (ii) Amount: No more than RMB 15 billion which may be raised by several approvals, registrations and issuance;
- (iii) Method: Public offering;
- (iv) Interest rate: Subject to the specific issuance periods and market conditions;

LETTER FROM THE BOARD

- (v) Period: Subject to funds needs and market conditions;
- (vi) Use of proceeds: Repayment of corporate debts, replenishment of working capital or investment and construction of projects; and
- (vii) Security: None.

The Company's plan of domestic registration and issue of RMB denominated bonds has been considered and approved at the 10th meeting of the second session of the Board. In accordance with the Articles of Association, the Board will propose a special resolution at the annual general meeting for approval of the domestic registration and issue of bonds of no more than RMB 15 billion within the valid period of the amount registered or approved. Another approval will be sought at the annual general meeting for the grant of authority for the Chief Financial Officer of the Company to determine and handle the implementation of the proposed bond issue above and its related matters. The valid period of the grant above commences from the date of approval by the general meeting until December 31, 2022.

10. To consider and approve to grant the general mandate to the Board of Directors to issue additional H Shares of the Company

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 H Shares in issue as of the date of passing this special resolution, and to authorize the Board to make amendments to the Articles of Association as it thinks fit so as to reflect the new share capital structure upon the allotment or issue of additional shares pursuant to such mandate.

The number of H Shares of the Company in issue as at the Latest Practicable Date was 11,163,625,000 H 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, 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.

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.

The Issue Mandate would expire on the earlier of: (a) the conclusion of the next annual general meeting following the passing of this special resolution; (b) the expiration of 12 months after the passing of this special resolution; or (c) 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.

LETTER FROM THE BOARD

V. THE AGM

The Company will convene the AGM at 10:00 a.m. on Wednesday, May 29, 2019 at Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong to consider and, if thought fit, to pass resolutions in respect of the matters set out in the notice of the AGM. A form of proxy and a reply slip have been dispatched to the Shareholders in accordance with the Hong Kong Listing Rules on April 9, 2019. The notice of the AGM is set out on pages N-1 to N-4 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, which holds 29,176,641,375 Shares of the Company (representing approximately 64.20% of Shares in issue), and its associates are required to abstain from voting on the resolution to approve the 2020 Engineering Services Framework Agreement and the related proposed annual caps at the AGM. As of the Latest Practicable Date and to the best knowledge, information and belief of the Directors, 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 intend to attend and/or vote at the AGM, you are requested to complete and return the form of proxy in accordance with the instruction printed thereon.

If you intend to attend the AGM (in person or by proxy), you are required to complete and return the accompanying reply slip to the H Share Registrar (for holders of H Shares) or the headquarters of the Company in the PRC (for holders of Domestic Shares) on or before Thursday, May 9, 2019. If the number of voting shares represented by the Shareholders who intend to attend the meeting reaches no less than one half of the total number of the Company's voting shares, the Company may hold the general meeting. If not, the Company shall within five days inform the Shareholders again, by public notice or otherwise required in the Articles of Association, of the matters to be considered as well as the date and place of the meeting. Upon such notification, the Company may hold the general meeting.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For H Shareholders, the proxy form should be returned to the H Share Registrar, Computershare Hong Kong Investor Services Limited, and for Domestic Shareholders, the proxy form should be returned to the office of the Board at the headquarters of the Company in the PRC 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 or any adjourned meeting thereof.

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

LETTER FROM THE BOARD

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 general meetings must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the AGM pursuant to Article 71 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) 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

In order to ascertain the entitlements of the Shareholders to attend the AGM, the register of members of the Company will be closed from Saturday, April 27, 2019 to Wednesday, May 29, 2019 (both days inclusive), during which period no transfer of Shares of the Company will be effected. To be eligible to attend and vote at the AGM, all transfer documents must be lodged with the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares), or the office of the Board at the headquarters of the Company in the PRC at 18/F, South Tower, CGN Building, No. 2002, Shennan Road, Futian District, Shenzhen, Guangdong Province, PRC (for holders of Domestic Shares) no later than 4:30 p.m. on Friday, April 26, 2019.

VI. RECOMMENDATION

The Board (including independent non-executive Directors) considers that each ordinary resolution and special resolution to be proposed at the AGM is 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.

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 Appendix I to this circular.

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

The PRC, April 9, 2019

* for identification purpose only

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



中國廣核電力股份有限公司

CGN Power Co., Ltd.*

(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
2020 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 2020 Engineering Services Framework Agreement and the provision of engineering services contemplated thereunder and the proposed annual caps, the details of which are set out in the “Letter from the Board” of this circular (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise specified.

TC Capital International Limited has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders on (a) whether the 2020 Engineering Services Framework Agreement is on normal commercial terms, and whether the terms of the 2020 Financial Services Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned; and (b) whether entering into the 2020 Financial Services Framework Agreement is in the interests of the Company and the Shareholders as a whole.

Your attention is drawn to the letter from the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders of the Circular issued by TC Capital International Limited, which contains its advice to the Independent Board Committee and the Independent Shareholders on the 2020 Engineering Services Framework Agreement and the proposed annual caps for the three years ending December 31, 2020, 2021 and 2022 (the text of the letter of advice is set out on pages 24 to 37 of the Circular). Having considered the advice of TC Capital International Limited, we are of the view that the terms and conditions of the 2020 Engineering Services Framework Agreement are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and its Shareholders as a whole, and the proposed annual caps for the three years ending 31 December 2020, 2021 and 2022 are fair and reasonable. Our view related to fairness and reasonableness is necessarily based on information, facts and circumstances currently prevailing.

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

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions at the AGM to approve the 2020 Engineering Services Framework Agreement and the proposed annual caps for the three years ending December 31, 2020, 2021 and 2022.

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

Na Xizhi
Independent
non-executive Director

Hu Yiguang
Independent
non-executive Director

Francis Siu Wai Keung
Independent
non-executive Director

April 9, 2019

* *For identification purpose only*

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

Set out below is the text of a letter received from TC Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Engineering Service (as defined below) under the 2020 Engineering Services Framework Agreement and its respective annual caps, for the purpose of inclusion in this circular.



9 April 2019

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTION 2020 ENGINEERING SERVICES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the engineering service under the 2020 Engineering Services Framework Agreement and its proposed annual caps for the three years ending December 31, 2022 (the “**Proposed Annual Caps**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) in the circular of CGN Power Co., Ltd. (the “**Company**”) to the Shareholders dated 9 April 2019 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise requires.

The Company entered into the 2014 Engineering Services Framework Agreement with CGN on November 21, 2014 and entered into the Supplemental Agreement to the 2014 Engineering Services Framework Agreement with CGN on September 25, 2016. As a continuation of the Supplemental Agreement, the Company entered into the 2020 Engineering Services Framework Agreement with CGN on March 12, 2019, pursuant to which the Group shall provide engineering service to CGN Group, primarily including (i) pre-construction engineering service; (ii) survey, design and technical services; (iii) engineering project management services; (iv) engineering, procurement and construction services; (v) bidding agency services; (vi) sales of used and/or superfluous materials; and (vii) other engineering services (together the “**Engineering Services**”).

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

As at the Latest Practicable Date, CGN, which held approximately 64.20% of the issued share capital of the Company, is a Controlling Shareholder of the Company. Under Rule 14A.07 of the Listing Rules, CGN and its associates are connected persons of the Company. Therefore, the Engineering Services constitute Continuing Connected Transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As stated in the Letter from the Board, as one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the proposed annual caps under the 2020 Engineering Services Framework Agreement exceed 5% on annual basis, the 2020 Engineering Services Framework Agreement and the non-exempt Continuing Connected Transactions contemplated thereunder are subject to announcement, annual reporting, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

We have been appointed by the Company to advise (i) the Independent Board Committee and the Independent Shareholders as to whether or not the 2020 Engineering Services Framework Agreement is entered in the ordinary and usual course of business of the Company, the terms of the 2020 Engineering Services Framework Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and the entering into the 2020 Engineering Services Framework Agreement is in the interests of the Company and the Shareholders as a whole and the Proposed Annual Caps are fair and reasonable; and (ii) how the Independent Shareholders should vote in respect of the relevant resolutions to approve the 2020 Engineering Services Framework Agreement and the Proposed Annual Caps.

OUR INDEPENDENCE

We are independent pursuant to Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2020 Engineering Services Framework Agreement. As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. Within the two years prior to the Latest Practicable Date, we have acted as independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to a continuing connected transaction of the Company, details of which are set out in the circular of the Company dated April 12, 2018. Apart from normal professional fees paid to us in connection with the aforesaid appointment, no arrangements exist whereby we have received any fees or benefits from the Company or any other party to the transactions during the two years prior to the Latest Practicable Date, therefore we consider such relationship would not affect our independence to form our opinion in respect of the 2020 Engineering Services Framework Agreement.

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

BASIS OF OPINION

In putting forth our recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on all the relevant statement, information, opinions and facts supplied and representations made to us by the Directors and the representatives of the Company. We have reviewed, among other things, (i) the 2020 Engineering Services Framework Agreement; (ii) the annual report of the Company for the year ended December 31, 2017 (the “**2017 Annual Report**”) and the annual results announcement of the Company for the year ended December 31, 2018 (the “**2018 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, which have been provided to us by the Directors and/or the representatives of the Company and for which they are fully responsible, are true, accurate and complete in all respects. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and/or the representatives of the Company. The Company has also confirmed to us that no material facts have been omitted from the information supplied and we have no reason to suspect that any material information has been withheld by the Company or is misleading.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Information on CGN and the Group

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 organizing and developing the design and research & development of nuclear power stations.

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

Set out below is certain audited financial information of the Group for the two years ended December 31, 2018 prepared in accordance with the China Accounting Standards for Business Enterprises as extracted from the 2018 Annual Results Announcement:

	For the year ended December 31,	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Restated)</i>
Revenue	<u>50,827,919</u>	<u>45,633,454</u>
Gross profit	<u>21,691,294</u>	<u>19,820,854</u>
Profit for the year	<u>13,681,677</u>	<u>12,724,188</u>

As shown in the above table, the financial performance of the Group for the year ended December 31, 2018 improved as compared with those for the year ended December 31, 2017. The improved in financial performance of the Group was primarily due to the increase in the Group's on-grid power generation, sales of electricity, the overall power generation utilization hours of the units and the construction, installation and design services.

1.2 *Information on CGN*

As stated in the Letter from the Board, established on September 29, 1994, CGN is a large clean energy enterprise under supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. CGN Group is principally engaged in the generation and sale of power, and the construction, operation and management of nuclear and non-nuclear clean projects. As at the Latest Practicable Date, CGN held approximately 64.20% of the issued capital of the Company and was the Controlling Shareholder of the Company.

2. **Reasons for and benefits of the Engineering Services**

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 up to required standards and of required quality nuclear power engineering services on a continuous basis that are satisfying for CGN Group; (ii) the Group is in the process of constructing and managing the demonstration project of Hualong I for CGN Group, a third-generation nuclear power technology, which helps to boost capabilities of the Group in design and application of third-generation nuclear power technology; and (iii) its 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 the Engineering Services to CGN Group.

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

As advised by the representatives of the Company, the Group will participate in certain CGN Group's projects, 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 2020 Engineering Services Framework Agreement, providing engineering service to CGN Group would provide a reliable customer base and a stable income.

According to 電力發展“十三五”規劃 (2016-2020年) (the 13th Five-Year Plan of Electricity Development*) (the “**13th Five Year Plan**”) jointly promulgated by National Development and Reform Commission and National Energy Administration in December 2016, the power scale of nuclear electricity increased from 11,000,000 kilowatts in 2010 to 27,000,000 kilowatts in 2015, representing an annual increase of approximately 19.7%, and it is planned that the power scale of nuclear electricity will be further increased to 58,000,000 kilowatt in 2020, representing an annual increase of approximately 16.5%. Moreover, according to 風電發展“十三五”規劃 (the 13th Five-Year Plan of Wind Power Development*) jointly promulgated by National Development and Reform Commission and National Energy Administration in November 2016, the cumulative capacity of wind power will be increased to 210 million kilowatts, of which the capacity of offshore wind power will be increased to 5 million kilowatts as at December 31, 2020. As stated in 清潔能源消納行動計劃 (2018-2020年) (the Clean Energy Dissipation Action Plan*) jointly promulgated by National Development and Reform Commission and National Energy Administration in October 2018, the clean energy power generation capacity will be over 10 billion kilowatts in 2018 and the further increase to 50 billion kilowatts in 2020, representing an increase of 500% from 2018. Thus the government policies are supportive for the nuclear and other clean energy industry.

As advised by the representative of the Company, the 2020 Engineering Services Framework Agreement does not prevent the Group from providing the services to independent third parties or other connected parties in the PRC. Therefore, the Group may, but is not obliged to, continue to provide the Engineering Service to 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 2020 Engineering Services Framework Agreement provides a reliable customer base and stable income to the Group due to the long-established relationship of the Group with CGN Group; (ii) there is potential need of the Engineering Services by CGN Group for their projects; (iii) there is a upward trend of the need of clean energy and nuclear energy; and (iv) the Group may, but is not obliged to, continue to provide the Engineering Service to 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 the 2020 Engineering Services Framework Agreement is in the ordinary and usual course of business of the Company, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole.

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

3. Principal terms of the 2020 Engineering Services Framework Agreement

The Company entered into the 2020 Engineering Services Framework Agreement with CGN on March 12, 2019, pursuant to which the Group will and shall provide engineering service to CGN Group mainly including (i) pre-construction engineering service; (ii) survey, design and technical services; (iii) engineering project management services; (iv) engineering, procurement and construction services; (v) bidding agency services; (vi) sales of used and/or superfluous materials; and (vii) other engineering services. Details of the terms of the 2020 Engineering Services Framework Agreement are stated in the Letter from the Board.

Pricing principles

As stated in the Letter from the Board, the service fees or consideration under the 2020 Engineering Services Framework Agreement will be determined with reference to the below 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 or services, such product or service shall be supplied at the applicable government-prescribed price. Where a government-guided fee standard is available, the price 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, engineering, procurement and construction services, engineering project management services and bidding agency services. The relevant government-prescribed price and government-guided price are currently and mainly set out in the (i) 《核電廠建設項目費用性質及項目劃分導則》 (Guidelines on Fee Nature and Project Categorization of Nuclear Power Plant Construction*) issued by National Energy Administration; (ii) 《核電廠建設項目預算編制方法》 (Budgeting Methodology of Nuclear Power Plant Construction Projects*) issued by National Energy Administration; (iii) 《核電廠建設項目工程其他費用編制規定》 (Regulations on Other Expense Budgeting of Nuclear Power Plant Construction Projects*) issued by National Energy Administration; (iv) 《工程勘察設計收費管理規定》 (Regulations on Fees Management of Engineering Survey and Design*) issued by the National Development and Reform Commission and Ministry of Housing and Urban-Rural Development of the People's Republic of China ("MOHURD"); (v) 《建設工程監理與相關服務收費管理規定》 (Regulations on Construction Project Supervision along with Associated Service Fee Charging*) issued by the National Development and Reform Commission and MOHURD; (vi) 《核電廠初步可行性研究報告內容深度規定》 (Regulation for Content of Pre-feasibility Study Report of Nuclear Power Plants*) issued by the National Energy Administration; and (vii) 《招標代理服務收費管理暫行辦法》 (Provisional Measures on the Administration of Service Fees Charged for Tender Agency Services*) issued by the National Development and Reform Commission etc.

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

- (ii) market prices: the price of the same or similar products or services provided by an Independent Third Party during 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 engineering, procurement and construction services. Such prices are mainly those of the design, materials and services related to engineering construction sourced from the market through public bidding in accordance with 《中華人民共和國招標投標法實施條例》 (Implementing Regulations on the Tendering and Bidding Law of the People's Republic of China*) or the market price from Independent Third Parties.

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

This pricing principle is barely-used on a few occasions. 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 which applies to all members of the 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 the CGN Group and the subsidiaries of the Group in the respective service projects. The rate of management fee is principally affected by (i) the market share of similar services; and (ii) inflation and changes in costs, and be determined ultimately 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%.

As advised by the representative of the Company, only pre-construction engineering services and the survey, design and technical services were provided by the Group to CGN Group for the year ended December 31, 2017 and the Group did not provide other engineering services and sell any used and/or superfluous materials to CGN Group for the two years ended December 31, 2018. We have conducted the below works in relation to the pricing principles of the five types of the engineering services provided by the Group to CGN Group :

- for pre-construction engineering services and the engineering, procurement and construction services, the representative of the Company advised 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 as agreed with CGN Group. Upon completion of certain stage of the project, the Company will calculate the cost incurred plus a management fee. The representative of the Company advised that the above payment is a usual practice for construction projects of nuclear power

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

and wind power stations. We have obtained and reviewed (i) the top 5 largest invoices of pre-construction engineering services between the Group and CGN Group for each of the two years ended December 31, 2018; and (ii) the 2 invoices, representing all the invoices of the engineering, procurement and construction services between the Group and CGN Group for the year ended December 31, 2018. The cost of above contracts was according to (i) the government-prescribed price; (ii) the government-guided price; and (iii) quotations from independent third parties while the management fee was according to the government-prescribed management fee of newly-built power station according to 《核電廠建設項目工程其他費用編制規定》 (Regulations on Other Expense Budgeting of Nuclear Power Plant Construction Projects*) issued by National Energy Administration regarding the related price for nuclear power plant construction as advised by the representative of Company. We are of the view that the pricing policies of the pre-construction engineering services and the engineering, procurement and construction services are fair and reasonable so far as the Independent Shareholders are concerned.

- for the survey, design and technical services, we have obtained and reviewed the top 5 invoices between the Group and CGN Group for each of the two years ended December 31, 2018. The selected invoices for the year ended December 31, 2017 were provision of research services. For research services relating to feasibility study report, the fee was determined according to government-prescribed unit price according to 《核電廠初步可行性研究報告內容深度規定》 (Regulation for Content of Pre-feasibility Study Report of Nuclear Power Plants*) issued by National Energy Administration regarding the related fee for preliminary feasibility study report of nuclear power plant. For research services relating to preliminary assessment of the project, the fee was determined according to the internal pricing standard which applies to customers of the Group for this kind of service. For other research services, the fee was determined based on actual cost with a management fee. As advised by the representative of the Company, the Group provides the survey, design and technical services only to the members of CGN Group and the Group while the management fee applies to all members of the CGN Group and the Group. Besides, for the selected other research services in 2017, only the actual cost was recognized as the services was still ongoing as at December 31, 2017. As advised by the representative of the Company, the Group will calculate the management fee upon the completion of provision of the services. The selected invoices for the year ended December 31, 2018 were provision of survey, design and technical services by the Group to CGN Group and the fee was based on the labour time and the hourly rate, which is reference to the market price. We are of the view that the pricing policies of the survey, design and technical services are fair and reasonable so far as the Independent Shareholders are concerned.
- for the engineering project management services, we have obtained and reviewed 3 invoices, representing all the invoices for this service for the year ended December 31, 2018, between the Group and CGN Group for the year ended December 31, 2018. The price of the above invoices of providing engineering project management service by

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

the Group to CGN Group were determined based on (i) cost related to engineering services with reference to the government-prescribed price and the market price; and (ii) a management fee (cost related to the management services and a profit). As advised by the representative of the Company, the management fee for a service project is determined by the CGN Group and the Group on a case-by-case basis at a certain markup rate determined by the historical costs and benefits generated from relevant service projects of the CGN Group and the Group's subsidiaries. The management fee of the selected invoices was with reference to that of the relevant service projects of the CGN Group and the Group's subsidiaries and the uniqueness of the project of the selected invoices. We are of the view that the pricing policies of the engineering project management services are fair and reasonable so far as the Independent Shareholders are concerned.

- for the bidding agency services, we have obtained and reviewed the top 5 largest invoices between the Group and CGN Group for the year ended December 31, 2018. The fees of the bidding agency services of the above invoices were in accordance with the government-prescribed price stated in 《招標代理服務收費管理暫行辦法》 (Provisional Measures on the Administration of Service Fees Charged for Tender Agency Services*) issued by the National Development and Reform Commission regarding the price for bidding agency service. We are of the view that the pricing policies of the bidding agency service are fair and reasonable so far as the Independent Shareholders are concerned.

As stated in the 2017 Annual Report, the auditors of the Group has issued an unqualified letter in respect of the continuing connected transactions as stated in the 2017 Annual Report and the letter stated that, among others, in relation to the relevant continuing connected transactions involving the provision of goods and services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in any material respects, in accordance with the pricing policies of the Group and the relevant continuing connected transactions were conducted pursuant to the relevant framework agreements governing those transactions.

Taking into account that (i) the pricing of the Engineering Services under the 2020 Engineering Services Framework Agreement are in line with the pricing principles under the Supplemental Agreement; (ii) the Engineering Services fee to CGN Group under the 2020 Engineering Services Framework Agreement were no less favourable to the Group than the terms to the independent third parties; and (iii) various internal control measures will be put in place within the Group to ensure compliance with the terms under the 2020 Engineering Services Framework Agreement (as further discussed in the below section headed "Internal Control Measures"), we consider that the terms offered to CGN Group under the 2020 Engineering Services Framework Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

4. The Proposed Annual Caps and basis of determination

The below table sets out (i) the historical transaction amount for the three years ended December 31, 2018; (ii) the approved annual caps for the year ending December 31, 2019; and (iii) the Proposed Annual Caps for the Engineering Services for the three years ending December 31, 2022.

	Historical amounts			Approved annual caps the year ending	Proposed Annual Caps		
	the year ended December 31,			December 31,	the year ending December 31,		
	2016	2017	2018	2019	2020	2021	2022
	<i>(RMB</i>	<i>(RMB</i>	<i>(RMB</i>	<i>(RMB</i>	<i>(RMB</i>	<i>(RMB</i>	<i>(RMB</i>
	<i>million)</i>	<i>million)</i>	<i>million)</i>	<i>million)</i>	<i>million)</i>	<i>million)</i>	<i>million)</i>
Engineering Services fees received/ receivable from CGN Group by the Group	385.24	812.86	1,158.80	13,083.65	24,992.72	21,752.15	11,969.83

As advised by the representative of the Company, after taking into account (i) the potential engagements with CGN Group for the offshore wind power station construction project with aggregated capacity approximately 2,682MW; (ii) the construction period for an offshore wind power station construction project ranged from approximately 24 months to 36 months; and (iii) expected commencement date of the abovementioned project during the year of 2019, the Company expects that there are substantial increase of the Proposed Annual Caps, in particular for years of 2020 and 2021, as compared to the annual cap for the year ending December 31, 2019. In determining the Proposed Annual Caps, the Company has considered the below factors:

i) ***the historical transaction amounts received for the provision of the engineering services to CGN Group***

As discussed with the representative of the Company, the construction for power station, in particular nuclear power construction, requires professionalism, proprietary technology, knowledge and capital-intensive as comparing to other kind of construction work. Therefore, the market participants are relatively limited. In light of the above, the historical transaction amount, the price basis and the usual payment arrangement between the Group and CGN Group is used as a reference in determining the Proposed Annual Caps.

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

ii) *the expected demand for engineering services in the upcoming years in view of the business development of CGN Group*

As advised by the representative of the Company, the Group engaged and will engage in providing Engineering Services to CGN Group for their power station projects or engineering service related works, including (1) on-going domestic nuclear power station construction projects; (2) non-nuclear power station construction and related work; (3) preparation work for potential domestic nuclear power station project; (4) technical support services in relation to nuclear power station construction; (5) bidding agency services; and (6) non-energy construction services for the three years ending December 31, 2022 respectively.

(1) *On-going domestic nuclear power station construction projects*

As stated in the Letter from the Board and discussed with the representative of the Company, two on-going domestic nuclear power station construction projects with CGN Group, namely Cangan project and Huizhou project, are behind the construction schedules. The Group expects the two projects will have a significant progress for the three years ending December 31, 2022 according to the latest construction plans of CGN Group. We have reviewed (i) the estimated construction schedules of the above two projects; (ii) the agreements of the above two projects and their payment schedules which are in progress payment nature; and (iii) the construction progress reports of the above two projects in order to assess the fairness and reasonableness of the above.

(2) *Non-nuclear power station construction and related work*

As advised by the representative of the Company, two on-going offshore wind power station construction projects with CGN Group with a total capacity of 616MW are expected to complete during the years of 2020 and 2021 respectively. Moreover CGN Group intends to engage the Group for the engineering work on certain offshore wind power station constructions of CGN Group with a total capacity of approximately 2,682MW, which were approved by relevant department of the PRC government and the construction works are expected to commence during year of 2019. The payment schedule for those engaged and to be engaged projects was or will be in advance and in progress payment. The construction period for an offshore wind power station construction project usually ranges from approximately 24 months to 36 months depending on the capacity. The representative of the Company advised that the estimated total construction price for each of the above projects is based on its capacity requirement, the estimate unit price per 1MW is determined with reference to the historical project of CGN Group handled by the Group and preliminary construction fee and the progress payment method will be adopted. The Group will also provide certain other engineering survey and design services to CGN Group, primarily on the onshore wind power station and photovoltaic power station. Furthermore, the Group will also provide services to a photovoltaic power station of CGN Group and expect to commence construction work during the year of 2019 and expect to receive the remaining balance in 2022. We have reviewed (i) the contracts of the on-going offshore wind power station construction projects; (ii) the approvals of certain offshore wind power station constructions with a total capacity of approximately 2,682MW; (iii) agreements of the engineering survey and design services; and (iv) the approval from relevant department of the PRC government for the photovoltaic project in order to assess the fairness and reasonableness of the above.

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

(3) *Preparation work for potential domestic nuclear power station project*

The representative of the Company advised that the Group will provide preparation work, including feasibility research reports and related services, to CGN Group in relation to the potential domestic nuclear power station projects for the three years ending December 31, 2022. There are several on-going preparation works and the Group intends to participate in more preparation works with CGN Group for the potential project of CGN Group. The fee of providing feasibility research reports and related services are reference to government-prescribed unit price, internal pricing standard or actual cost with management fee depending on the different kind of the research services. We have reviewed (i) the contract of the on-going preparation work; and (ii) 《核電廠初步可行性研究報告內容深度規定》 (Regulation for Content of Pre-feasibility Study Report of Nuclear Power Plants*) in order to assess the fairness and reasonableness of the above.

(4) *Technical support services in relation to nuclear power station construction*

As discussed with the representative of the Company, the Group will provide technical staff to provide technical support and construction management to CGN Group for the power station constructions overseas, including but not limited to United Kingdom. As advised by the representative of the Company, the Group provided services to CGN Group for certain engagement on the technical support and will negotiate with CGN Group for more engagements. The wage is determined with reference to (i) the government-prescribed unit price; (ii) the price of reference contract between the Group and the independent third party; and (iii) the estimated total working hours. We have obtained and reviewed (i) the existing contracts with CGN Group; and (ii) the price of reference contract between the Group and the independent third party in order to assess the fairness and reasonableness of the above.

(5) *Bidding agency services*

As advised by the representative of the Company, CGN Group obtained more offshore wind power station construction projects with the approvals from relevant department of PRC government and their demand on the bidding agency services will increase for coming years. The estimated amount of bidding agency services are primarily determined based on the government-prescribed price. We have obtained and reviewed (i) existing contracts; (ii) 《招標代理服務收費管理暫行辦法》 (Provisional Measures on the Administration of Service Fees Charged for Tender Agency Services*); (iii) the historical transaction amount of the bidding agency services; and (iv) the approvals from relevant department of the PRC government for the offshore wind power station construction projects in order to assess the fairness and reasonableness of the above.

(6) *Non-energy construction services*

As advised by the representative of the Company, non-energy construction services are mainly storage facility contracting service, accelerator industrial park base research report and design service and accelerator plant design service to CGN Group. There is an on-going storage facility contracting

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

service project and expected to complete by the year of 2020. As further advised by the representative of the Company, CGN Group usually engage the Group for one accelerator industrial park base research report and design service, one accelerator plant design service and related service per year, therefore, the Group expect the demand from CGN Group on non-energy construction services will be stable in the coming few years. We have obtained and reviewed (i) existing contracts; (ii) the historical transaction amount in order to assess the fairness and reasonableness of the above.

Having taken into consideration of the above, in particular the existing and potential engagements and the historical payment arrangement for each of the above 6 kinds of the engineering services respectively, we are of the view that the Proposed Annual Caps are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Shareholders should note that as the Proposed Annual Caps are relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2022, and they do not represent forecasts of the the Engineering Services to be provided to CGN Group under the 2020 Engineering Services Framework Agreement. Consequently, we express no opinion as to how closely the actual Engineering Services to be provided to CGN under the 2020 Engineering Services Framework Agreement will correspond with the respective Proposed Annual Caps.

5. Internal Control Measures

We have obtained the connected transaction management rules and implementation guidelines 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 monitoring the implementation of the continuing connected transactions and to make sure that the caps will not be exceeded. The internal audit department of the Group should periodically review the management of the connected transactions.

The representatives of the Company advised that the business department of each subsidiary should enter the amount of the Engineering Services into the approval system before entering into the transactions. The responsible officer of investor relation department will check the balances of the Engineering Service 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 department of the Group before entering into so that the cap will not be exceeded and pricing principles will be complied. We have obtained and reviewed one sample of approval schedule in regard of the Engineering Services in 2018 and noted that the sample contained the above information.

Moreover, as stated in the 2017 Annual Report, the independent non-executive Directors have examined the specific implementation of the continuing connected transactions and confirmed that, among others, the transactions were carried out on normal commercial terms or more favourable terms and 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. As stated in the 2017 Annual Report, the auditors of the Group has issued an unqualified letter in respect

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

of the continuing connected transactions stated in the 2017 Annual Report in accordance with Rule 56 of Chapter 14A under the Listing Rules and the letter stated that, among others, in relation to the relevant continuing connected transactions involving the provision of goods and services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in any material respects, in accordance with the pricing policies of the Group, the relevant continuing connected transactions were conducted pursuant to the relevant framework agreements governing those transactions and the relevant framework agreements governing those transactions and the relevant continuing connected transactions did not exceed the respective caps applicable to such transactions.

As stated in the Letter from the Board, for the purpose of the 2020 Engineering Services Framework Agreement, if the prices of relevant transactions are to be determined under the principle of 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 conditions 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.

Based on the above, we consider that the internal control of the Company is sufficient in place to ensure the Continuing Connected Transactions will be conducted in accordance with the terms of the 2020 Engineering Services Agreements and the Proposed Annual Caps are not exceeded.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the 2020 Engineering Services Framework Agreement is entered in the ordinary and usual course of business of the Company, the terms of the 2020 Engineering Services Framework Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and the entering into the 2020 Engineering Services Framework Agreement is in the interests of the Company and the Shareholders as a whole and the Proposed Annual Caps are fair and reasonable. Accordingly, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the ordinary resolutions in this regard.

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

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

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

** 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' INTEREST

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

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

Shareholder	Capacity/Nature of Interest	Number/Class of Shares	Approximate % in the Relevant Class of Share (%)	Approximate % of issued Shares of the Company (%)
CGN	Beneficial owner/ Interest of controlled corporation	29,176,641,375 Domestic Shares (L)	85.10	64.20
Guangdong Hengjian Investment Holdings Co., Ltd.	Beneficial owner/ Interest of controlled corporation	3,428,512,500 Domestic Shares (L)	10.00	7.54

Shareholder	Capacity/Nature of Interest	Number/Class of Shares	Approximate % in the Relevant Class of Share (%)	Approximate % of issued Shares of the Company (%)
National Council for Social Security Fund	Beneficial owner	1,024,102,000 H Shares (L)	9.17	2.25
Black Rock, Inc.	Interest of controlled corporation	581,393,893 ⁽³⁾ H Share (L)	5.21	1.28

Note:

- (1) (L) denotes long position, and (S) denotes short position.
- (2) As of the Latest Practicable Date, none of the Directors is a director or employee of a company which had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.
- (3) 3,914,000 H Shares are held in equity derivatives.

4. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of our Group since December 31, 2018, being the date to which the latest published audited financial statements of our Group were made up.

5. MATERIAL ACQUISITION

During the period subsequent to December 31, 2018 (being the date to which the latest published audited financial statements of our Company were made up) and up to the Latest Practicable Date, none of the members of our Group had acquired or agreed to acquire or was proposing to acquire a business or an interest in the share capital of a company whose profits and assets make or would make a material contribution to the figures in the auditor's report or in the next published accounts of our Company.

6. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

7. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS

As of the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since December 31, 2018, being the date to which the latest published audited financial statements of our Group were made up.

8. DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

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

9. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

10. LITIGATION

As of the Latest Practicable Date, no member 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 member 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 activity under the SFO

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

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

As of 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, 2018 (being the date to which the latest published audited financial statements of our Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

12. MATERIAL CONTRACTS

The following contracts (not being entered into the ordinary course of business) have been entered into within two years immediately preceding the date of this circular and which are or may be material:

- (a) the 2020 Engineering Services Framework Agreement;
- (b) the equity transfer agreement dated January 4, 2019 entered into between China Nuclear Power Engineering Co., Ltd. (as vendor), a subsidiary of the Company, and CGN (as purchaser), pursuant to which China Nuclear Power Engineering Co., Ltd. agreed to dispose 100% equity interest in Shanghai Engineering Science & Technology Co., Ltd. (上海中廣核工程科技有限公司) to CGN, at a total consideration of approximately RMB710 million;
- (c) the EPC framework agreement arrangement dated January 4, 2019 entered into among China Nuclear Power Engineering Co., Ltd., a subsidiary of the Company, China Nuclear Power Design Co., Ltd. (Shenzhen) (深圳中廣核工程設計有限公司) (as the contractors) and Fujian Ningde Second Nuclear Power Co., Ltd. (福建寧德第二核電有限公司) (as the principal), pursuant to which China Nuclear Power Engineering Co., Ltd. and China

Nuclear Power Design Co., Ltd. (Shenzhen) provided EPC services for Units 5 and 6 of Ningde Nuclear Power Plant in Fujian of the preliminary stages to Fujian Ningde Second Nuclear Power Co., Ltd., with an estimated total consideration not exceeding RMB4,689.21 million;

- (d) the arrangement dated December 28, 2018 for the increased supply of electricity to Hong Kong Nuclear Investment Co., Ltd. for a term of five years from 2019 to 2023 entered into among Guangdong Nuclear Power Joint Venture Co., Ltd. (廣東核電合營有限公司), Guangdong Nuclear Investment Co., Ltd. (廣東核電投資有限公司), Guangdong Power Grid Corporation (廣東電網有限責任公司) and Hong Kong Nuclear Investment Co., Ltd., pursuant to which the approved annual caps of the electricity supply arrangement under the joint venture contract dated December 31, 2013 for the years ended 2019, 2020, 2021, 2022 and 2023 were amended;
- (e) the 2018 Financial Services Framework Agreement;
- (f) the share transfer agreement dated March 8, 2018 entered into among the Company (as purchaser), CGN (as vendor) and Shenzhen Nengzhahui Investment Co., Ltd. (深圳市能之匯投資有限公司) (as vendor), pursuant to which the Company agreed to acquire 100% equity interest in CGN Ocean Power Co., Ltd. (中廣核海洋能源有限公司) and 100% equity interest in CGN Hebei Thermal Power Co., Ltd. (中廣核河北熱電有限公司) from CGN and 100% equity interest in CGN Power Sales Co., Ltd. (中廣核電力銷售有限公司) from Shenzhen Nengzhahui Investment Co., Ltd. at a total consideration of approximately RMB232.6805 million (subject to adjustment as described in the agreement);
- (g) the supplemental agreement dated March 8, 2018 to the general services framework agreement (“**2016 General Services Framework Agreement**”) dated September 25, 2016 entered into between the Company and CGN regarding (i) the provision of certain types of general services by CGN to the Group and (ii) the provision of certain types of general services by our Group to the CGN Group, pursuant to which the approved annual caps for the year of 2018 for such continuing connected transactions have been revised;
- (h) the general services framework agreement dated March 8, 2018 entered into between the Company and CGN, which serves as a continuation of the 2016 General Services Framework Agreement;
- (i) the technical support and maintenance services framework agreement dated March 8, 2018 entered into between the Company and CGN, which serves as a continuation of the technical support and maintenance services framework agreement dated September 25, 2016, pursuant to which (i) CGN agreed to provide certain types of technical support and maintenance services to the Group; and (ii) the Company agreed to provide certain types of technical support and maintenance services to the CGN Group; and

- (j) the investment agreement dated December 29, 2017 entered into between the Company and Shenzhen Guotong Clean Energy Partners Corporation (Limited Partnership) (“**Shenzhen Guotong**”), pursuant to which a joint venture with registered capital of RMB30,000,000 is established to hold 61% equity interest in Guangxi Fangchenggang Nuclear Power Co., Ltd. and the joint venture is held as to 60% and 40% by the Company and Shenzhen Guotong, respectively.

13. GENERAL

- (a) The joint company secretaries of our Company are Mr. Jiang Dajin and Mr. Lee Kwok Fai Kenneth. Mr. Lee Kwok Fai Kenneth is a member of the American Institute of Certified Public Accountants, an associate member of Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst.
- (b) The registered address of our Company as registered with the Administration for Industry and Commerce is at 18/F, South Tower, CGN Building, No. 2002 Shennan Road, Futian District, Shenzhen.
- (c) The address of the H Share Registrar, Computershare Hong Kong Investor Services Limited, and transfer office of our Company in Hong Kong is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) All references to times in this circular refer to Hong Kong times.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

14. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the articles of association of the Company;
- (b) the 2020 Engineering Services Framework Agreement;
- (c) the letter from the Board, the text of which is set out on pages 4 to 21 of this circular;
- (d) the letter from the Independent Board Committee, the text of which is set out from pages 22 to 23 in this circular;

- (e) the letter from the Independent Financial Advisor, the text of which is set out from pages 24 to 37 in this circular;
- (f) the written consent referred to in paragraph headed “11. Expert and Consents” in this appendix;
- (g) the material contracts as referred to in the paragraph headed “12. Material Contracts” in this appendix;
- (h) the annual reports of the Company for each of the years ended December 31, 2017 and 2018; and
- (i) this circular.

NOTICE OF 2018 ANNUAL GENERAL MEETING



中國廣核電力股份有限公司

CGN Power Co., Ltd.*

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

(Stock Code: 1816)

NOTICE OF 2018 ANNUAL GENERAL MEETING

NOTICE IS HERBY GIVEN THAT the 2018 annual general meeting (the “AGM”) of CGN Power Co., Ltd. (the “Company”) will be held at 10:00 a.m. on Wednesday, May 29, 2019 at Grand Ballroom, Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions, with or without amendments or supplements.

Unless otherwise stated, capitalized terms used in this notice and the following resolutions shall have the same meanings as those defined in the circular of the Company dated April 9, 2019 (the “Circular”).

Ordinary Resolutions

1. To consider and approve the report of the Board of Directors for the year ended December 31, 2018.
2. To consider and approve the report of the Supervisory Committee for the year ended December 31, 2018.
3. To consider and approve the annual report for the year 2018.
4. To consider and approve the audited financial statements for the year ended December 31, 2018.
5. To consider and approve the investment plan and capital expenditure budget for the year 2019.
6. To consider and approve the re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the auditors of the Company for the year 2019 until the close of the next annual general meeting of the Company, and to authorize the Board to determine its remuneration.
7. To consider and approve the remuneration of the Directors and Supervisors for the year 2019.
8. To consider and approve the 2020 Engineering Services Framework Agreement and the engineering services contemplated thereunder and proposed annual caps.

NOTICE OF 2018 ANNUAL GENERAL MEETING

Special Resolutions

9. To consider and approve the domestic registration and issuance of RMB denominated bonds.
10. (I) To consider and approve the grant of a general mandate to the Board to allot, issue and deal with additional overseas-listed foreign-invested shares (the “**H Shares**”) during the relevant period. The Board may, independently or simultaneously, allot, issue and deal with additional H 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) that shall not exceed 20% of the number of H Shares in issue as of the date of passing the resolution. The exercise of the general mandate shall comply with the conditions below:

- (a) The Board may make or grant share sales proposal and agreements which would or might require the exercise of such power after the expiry of the relevant period:

For the purpose of this resolution, the “relevant period” means the period from the date of passing this resolution until the earliest of either:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution at the general meeting;
- (ii) the expiry date of 12 months after the passing of this resolution at the general meeting; and
- (iii) the date on which the authorization set out in this resolution is revoked or amended by a special resolution in a general meeting of the Company.
- (b) The number of H Shares to be allotted, issued or dealt with or conditionally or unconditionally agreed to be allotted, issued or dealt with (whether pursuant to the exercise of options or otherwise by the Board) shall not exceed 20% of the number of H Shares in issue as of the date of passing the resolution.
- (c) The Board will exercise the power under such mandate in accordance with the PRC Company Law, other applicable laws and regulations of the PRC and the Hong Kong Listing Rules as amended from time to time and upon the necessary approval from the PRC Securities Regulatory Commission and other relevant authorities.

NOTICE OF 2018 ANNUAL GENERAL MEETING

(II) The Board be and is hereby authorized to make such amendments to the Articles of Association of the Company as it thinks fit so as to increase the registered share capital and reflect the new capital structure of the Company upon the allotment, issuance of and dealing with shares as contemplated in the above paragraph (I) of this resolution in accordance with the PRC Company Law, other applicable laws and regulations in the PRC and the Hong Kong Listing Rules;

(III) Contingent on the Board resolving to allot, issue and deal with shares of the Company pursuant to paragraph (I) of this resolution, the Board be and is hereby authorized to approve, execute and do or procure to be approved, executed and done, all such documents, deeds and things as it may consider necessary in connection with the issuance, allotment of and dealing with such shares including, without limitation, determining the size of the issue, the issue price, the use of proceeds from the issue, the target of the issue and the place and time of the issue, making all necessary applications to the relevant authorities, entering into an underwriting agreement or any other agreements, and making all necessary filings and registrations with the relevant PRC, Hong Kong and other authorities.

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

The PRC, April 9, 2019

* *For identification purpose only*

Notes:

- a. Any Shareholder who wishes to appoint a proxy to attend the AGM shall refer to the Company's AGM circular dated April 9, 2019 and the annual report for the year 2018. The annual report for the year 2018 includes the report of the Board for the year 2018, the report of the Supervisory Committee of the Company for the year 2018 and the audited annual financial statements for the year 2018, for the information of the shareholders of the Company.
- b. A Shareholder entitled to attend and vote at the AGM or its adjournment (as the case may be) is entitled to appoint one (or, if he/she/it holds two or more issued shares of RMB1.00 each in the Company more than one) proxy to attend and vote, on a poll, in his stead in accordance with the Articles of Association. A proxy needs not be a Shareholder.
- c. A form of proxy for use at the AGM and reply slip is issued and published by the Company on April 9, 2019. Whether or not you intend to attend the AGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed on the form of proxy issued and published by the Company as soon as possible. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof if you so wish. In such event, your form of proxy will be deemed to have been revoked.

NOTICE OF 2018 ANNUAL GENERAL MEETING

- d. In the case of holders of H Shares, a form of proxy together with any power of attorney or other authorisation documents(if any) under which it is signed or a notarized copy of that power of attorney or authorisation documents must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in the case of holders of Domestic Shares, to the office of the Board at the headquarters of the Company at 18/F, South Tower, CGN Building, No. 2002, Shennan Road, Futian District, Shenzhen, Guangdong Province, the PRC, no less than 24 hours before the time appointed for holding the AGM or any adjournment thereof, in order to be valid.
- e. The register of Shareholders will be closed from Saturday, April 27, 2019 to Wednesday, May 29, 2019, both days inclusive, during which period no transfer of the H Shares will be effected. In order to determine the list of Shareholders who are entitled to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in the case of holders of H Shares), or the office of the Board at the headquarters of the Company in the PRC at 18/F, South Tower, CGN Building, No. 2002, Shennan Road, Futian District, Shenzhen, Guangdong Province, PRC (in the case of holders of Domestic Shares) no later than 4:30 p.m. on Friday, April 26, 2019.
- f. In the case of joint registered holders of any Shares, any one of such joint registered holders may vote at the AGM, either in person or by proxy, in respect of such Shares as if he/she/it were solely entitled thereto; but should more than one of such joint registered holders be present at the AGM, either in person or by proxy, the vote of that one of them so present, whose name stands first on the register of members in respect of such Shares shall be accepted to the exclusion of the votes of the other joint registered holder(s).
- g. If the H Shareholders intend to attend the AGM in person or by proxy, they shall complete the enclosed reply slip for the AGM and return it, by hand or by post, to the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or by fax ((852)28650990) no later than 4:30 p.m. on Thursday, May 9, 2019.
- h. If the Domestic Shareholders intend to attend the AGM in person or by proxy, they shall complete the enclosed reply slip for the AGM and return it, by hand or by post, to the the office of the Board at the headquarters of the Company in the PRC at 18/F, South Tower, CGN Building, No. 2002, Shennan Road, Futian District, Shenzhen, Guangdong Province, PRC or by fax ((86) 755 83699089) no later than 4:30 p.m. on Thursday, May 9, 2019.
- i. The AGM is expected to take less than half a day. Shareholders who attend the AGM shall be responsible for their own travel and accommodation expenses.
- j. The address of the office of the Board at the Company's headquarters in the PRC is as follows:

18/F, South Tower, CGN Building, No. 2002, Shennan Road,
Futian District, Shenzhen, Guangdong Province, PRC
Contact: Mr. Gao Kefu
Telephone: (86) 755 84431212

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