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**CGN Power Co., Ltd.\***

**中國廣核電力股份有限公司**

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

**(Stock Code: 1816)**

**MAJOR TRANSACTIONS AND  
CONTINUING CONNECTED TRANSACTIONS  
2021-2023 FINANCIAL SERVICES FRAMEWORK AGREEMENT**

The Board announces that, on March 18, 2021, the Board has considered and approved the resolution in relation to the entering into the 2021-2023 Financial Services Framework Agreement with CGN, which will be submitted at the 2020 AGM for the Independent Shareholders' consideration and approval. CGN Group will abstain from voting on the ordinary resolution in relation to the 2021-2023 Financial Services Framework Agreement at the 2020 AGM.

A circular containing, among other things, (i) details of the 2021-2023 Financial Services Framework Agreement, the Continuing Connected Transactions thereunder and the proposed annual caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the 2020 AGM will be dispatched to the Shareholders on or before April 13, 2021.

As at the date of this announcement, CGN, which holds approximately 58.16% of the issued share capital of the Company, is the Controlling Shareholder of the Company. Under Rule 14A.07 of the Listing Rules, CGN and its associates are connected persons of the Company. Therefore, the financial services transactions contemplated under the 2021-2023 Financial Services Framework Agreement by the Group and CGN and/or its associates will constitute Continuing Connected Transactions of the Company pursuant to Chapter 14A of the Listing Rules.

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 2021-2023 Financial Services Framework Agreement exceed 25% but all of the applicable percentage ratios are less than 100% on an annual basis, the 2021-2023 Financial Services Framework Agreement and the transactions contemplated thereunder will constitute major transactions and non-exempt Continuing Connected Transactions, and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

## **BACKGROUND**

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

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

On March 18, 2021, the Board has considered and approved the resolution on entering into the 2021-2023 Financial Services Framework Agreement with CGN, which will be submitted at the 2020 AGM for the Independent Shareholders' consideration and approval. CGN Group will abstain from voting on the ordinary resolution in relation to the 2021-2023 Financial Services Framework Agreement at the 2020 AGM.

A circular containing, among other things, (i) details of the 2021-2023 Financial Services Framework Agreement, the Continuing Connected Transactions thereunder and the proposed annual caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the 2020 AGM will be dispatched to the Shareholders on or before April 13, 2021.

## **REASONS AND BENEFITS FOR THE TRANSACTIONS:**

- (1) The Group is expected to benefit from the CGN Group's familiarity of the Group's industry and operations. Through years of cooperation, Financial Service Providers under CGN have become familiar with the Group's capital structure, business operations, funding needs, cash flow pattern, cash management and the overall financial administrative system of the Group, which enable them to render more expedient, efficient and flexible services to the Group than the big four commercial banks and independent financial institutions in the PRC.
- (2) The Financial Service Providers under CGN are able to provide loans to the Group on a fast-track basis with simplified and streamlined approval, drawdown and repayment procedures. When the Group is faced with urgent business and operational needs, the Financial Service Providers under CGN are well positioned to provide the Group with short-term funding support in a timely and efficient manner. Moreover, the interest rates applicable to the loans provided by the Financial Service Providers under CGN to us are no less favorable than those available from the big four commercial banks or independent financial institutions.
- (3) Pursuant to the General Provisions of Loans (《貸款通則》) issued by the PBOC and with the supervision of the CBRC, loans can only be provided by authorized institutions with relevant operational permits and licenses and as approved and supervised by the relevant PRC authorities. Historically, the Group had been engaging the Financial Service Providers under CGN to provide entrustment loan services to the Group on terms no less favorable than those available from the big four commercial banks or independent financial institutions.

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

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

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

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

- (1) Government-prescribed price and government-guided price: if at any time, the government-prescribed price is applicable to any particular type of products or services, such product or service shall be supplied at the applicable government-prescribed price. Where a government-guided fee standard is available, the price will be agreed by reference to the government-guided price. Currently, neither an applicable government-prescribed price nor a government-guided price is applicable to the services of the 2021-2023 Financial Services Framework Agreement, but our Company will continue to closely monitor the update of the relevant government-prescribed price and government-guided price, and adopt any of the applicable government-prescribed price and government-guided price, if any, in future;

- (2) Market price: the price of the same or similar products, technology or services provided by an independent third party during the ordinary course of business on normal commercial terms. Currently, the pricing of the services under the 2021-2023 Financial Services Framework Agreement is determined with reference to, and no less favorable than, the relevant interest rate or rate level available from the big four commercial banks for similar services; and
- (3) Agreed price: the price to be determined by adding a reasonable profit over a reasonable cost.

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

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

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

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

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

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

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

### **Basis of Caps:**

- (1) Caps for financial service fees to be paid to the CGN Group: In determining the proposed annual caps for the service fees in relation to settlement, entrustment loans and other financial services, we have considered, among other factors, (i) with reference to the service fees for entrustment loans for the year ended December 31, 2020; (ii) with reference to the cash settlement handling fees for the year ended December 31, 2020; and (iii) with the innovation of financial service, and the Group's future business demand for the other financial services under the 2021-2023 Financial Services Framework Agreement.
- (2) Caps for deposits and interest income: In determining the maximum daily balance of deposits and interest income, we have considered, among other factors, (i) the maximum daily balance of cash and cash equivalent of the Group for the year ended December 31, 2020 together with interest income; (ii) the operating cash flow requirements and financial needs of the Group for its operations and future business expansion; and (iii) the expected increase in interest income by placing deposits with CGN Finance on the basis that CGN Finance is under the supervision of the CBRC and it has been maintaining satisfactory operating results and financial position with good risk control and well-regulated management in order to reduce the potential risks.

- (3) Caps for loans provided by CGN Group to our Group: In determining the maximum daily balance of loans provided by CGN Group to our Group, we have considered, among other factors, (i) the maximum daily balance of loans provided by CGN Group to our Group for the year ended December 31, 2020; (ii) the provision of loans by CGN Group to our Group on normal commercial terms which are similar to or no less favorable than those available from Independent Third Parties for comparable services in the PRC and the Group's expectation that the demand for loan will increase in line with its business development; and (iii) no grant of security over the assets of the Group in respect of such loans.

The proposed annual caps vary from the existing annual caps for the year ended December 31, 2020 and we have mainly considered: (i) with the innovation of the financial services business, it is expected that the Group will receive a small increase in the related businesses of the industrial chain finance and notes business each year in the future, leading to an increase in the service fees to be paid to CGN Group in respect of the settlement, entrusted loans and other financial services; (ii) with the gradual commencement of operation of the Group's nuclear power generating units under construction, more deposits will be generated, leading to an increase in the caps for deposits and interest income of the Group to be deposited with CGN Group; and (iii) as the newly commissioned units of the Group are faced with greater demand for repayment of principle and interest, and the construction of new units is expected to commence, the caps for loans to be provided by CGN Group to the Group will increase.

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

**Listing Rules implications:** As at the date of this announcement, CGN, which holds approximately 58.16% of the issued share capital of the Company, is the Controlling Shareholder of the Company. Under Rule 14A.07 of the Listing Rules, CGN and its associates are connected persons of the Company. Therefore, the financial service transactions contemplated under the 2021-2023 Financial Services Framework Agreement by the Group and CGN and/or its associates will constitute Continuing Connected Transactions of the Company pursuant to Chapter 14A of the Listing Rules.

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

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

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

#### **Risk Control measures:**

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

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

- (ii) CGN Finance shall adopt good corporate governance structure and a sound internal control system to ensure that its risk monitoring indicators and major regulatory indicators (such as gearing ratio, interbank borrowing ratio and liquidity ratio) meet the requirements of the CBRC and other applicable laws and regulations; and
  - (iii) The CGN Group shall take all necessary actions to procure the financial health of CGN Finance and its due performance under the 2021-2023 Financial Services Framework Agreement, including provision of capital injection to CGN Finance in case of payment difficulties arising from its operations and provision of indemnification for the Group's deposits placed with CGN Finance.
- (3) If the Group becomes aware of any material adverse change in the financial conditions of CGN Finance, the Group will take immediate measures, including early withdrawal of deposits, to minimize any adverse impact. In order to effectively safeguard, immediate control and solve the capital risk of loan business for capital safety, the Company shall formulate the risk management proposal and engage the independent third-party audit firm to assess the proposal. The assessment indicated that the Company's risk management proposal for handling deposit and loan businesses with CGN Finance is aimed to meet its business development and risk management requirements and there are no significantly unreasonable matters.
  - (4) If there is a default where deposits placed with CGN Finance cannot be withdrawn, the Group is entitled to offset those deposits that cannot be withdrawn with loans provided by CGN Finance.
  - (5) CGN Finance shall provide the Group with sufficient information (including copies of all regulatory reports submitted by CGN Finance to CBRC) upon request and the Group will cross check the maximum daily balance of the deposits to ensure that the relevant amounts do not exceed the applicable annual caps. If the actual balance exceeds the maximum daily balance of deposits and prevailing interest from time to time, the Group will promptly transfer the excess funds to its designated bank accounts with independent commercial banks.
  - (6) The Group will engage auditors to review the connected transactions between the Group and the CGN Group to ensure that the transactions contemplated under the 2021-2023 Financial Services Framework Agreement will be conducted in accordance with the Listing Rules and fulfill the relevant disclosure requirements.

## **INFORMATION ON THE PARTIES**

### **The Group**

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



## **CGN**

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

### **CGN Finance**

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

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

### **Board's Approval**

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

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

## **Independent Board Committee**

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

## **Independent Financial Adviser**

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

## **Connected Persons who are Required to Abstain from Voting**

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

## **Dispatch of the Circular**

Our Company will convene the 2020 AGM to consider and approve, if thought fit, matters stated in the notice of the 2020 AGM. A circular containing, among other things, (i) details of the 2021-2023 Financial Services Framework Agreement and the Continuing Connected Transactions and proposed annual caps thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) together with the notice convening the 2020 AGM, will be dispatched to the Shareholders on or before April 13, 2021.

## DEFINITIONS

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

“A Share(s)”	ordinary shares issued by the Company which are denominated in RMB with a par value of RMB1.00 each and listed in the Shenzhen Stock Exchange
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“big four commercial banks”	Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China and Bank of China
“Board”	the board of directors of the Company
“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 our Controlling Shareholder, and thus a connected person of our Company
“CGN Engineering”	China Nuclear Power Engineering Co., Ltd.* (中廣核工程有限公司), a limited liability company established in the PRC on November 11, 1997, and a wholly-owned subsidiary of the Company
“CGN Finance”	CGN Finance Co., Ltd.* (中廣核財務有限責任公司), a limited liability company established in the PRC on 22 July 1997. CGN Finance is held as to 66.66% by CGN, 30% by CGN Engineering (a wholly owned subsidiary of the Company), and 3.34% by CGN Services Group Co., Ltd. (a wholly owned subsidiary of CGN), and thus a connected person of our Company
“CGN Group”	collectively, CGN and its subsidiaries (unless specified otherwise, excluding the Group)
“Company” or “our 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, whose H Shares and A Shares are listed on the Main Board of the Hong Kong Stock Exchange (1816.HK) and SME Board of the Shenzhen Stock Exchange (3816.SZ), respectively
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Continuing Connected Transactions”	individually or collectively, the partially exempt continuing connected transactions and the non-exempt continuing connected transactions
“Controlling Shareholder”	has the meaning ascribed thereto under the Listing Rules, as of the date of this announcement, it refers to CGN
“Director(s)”	the director(s) of our Company
“Financial Service Providers under CGN”	the related companies under CGN Group which provide financial services to us. These companies primarily include one of its subsidiary which is a non-banking financial institution, i.e., CGN Finance, and other companies which provide financial services such as CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司) and CGNPC International Financial Leasing Co., Ltd.
“Group”, “we”, or “us”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	ordinary shares with a par value of RMB1.00 each in the share capital of the Company which are listed on the Main Board of the Hong Kong Stock Exchange, subscribed for and traded in Hong Kong dollars
“Independent Board Committee”	the independent board committee constituted by Mr. Li Fuyou, Mr. Yang Jiayi and Mr. Xia Ceming, for the purpose of providing advice to Independent Shareholders in respect of the terms and proposed annual caps of the 2021-2023 Financial Services Framework Agreement
“Independent Financial Adviser”	TC Capital International Limited, a corporation licensed to carry on 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 adviser responsible for providing advice to the Independent Board Committee and Independent Shareholders in respect of the deposit services and loan services under the 2021-2023 Financial Services Framework Agreement (including the proposed annual caps)
“Independent Shareholders”	Shareholders other than CGN and its associates

“Independent Third Party(ies)”	person(s) which is/are not connected with any Directors, supervisors, chief executive or substantial shareholders of our Company or any of its subsidiaries and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“PBOC”	People’s Bank of China
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of our Company
“Share(s)”	A Share(s) and H Share(s)
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholders”	has the meaning ascribed thereto under the Listing Rules
“2020 AGM”	the 2020 annual general meeting proposed to be convened by the Company in May 2021, to consider and approve, among other things, the 2021-2023 Financial Services Framework Agreement and its proposed annual caps
“2021-2023 Financial Services Framework Agreement”	the financial services framework agreement entered into between the Company and CGN on March 18, 2021
“%”	per cent

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

*Chief Financial Officer, Joint Company Secretary and Board Secretary*

The PRC, March 18, 2021

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

\* For identification purpose only