
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any 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 form of proxy and reply slip to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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CGN Power Co., Ltd.*

中國廣核電力股份有限公司

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

(Stock Code: 1816)

**(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF EQUITY INTEREST IN TWO
COMPANIES INCLUDING CANGNAN NUCLEAR POWER FROM CGN
AND
(2) NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING**

**INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD
COMMITTEE AND THE INDEPENDENT SHAREHOLDERS**

ANGLO CHINESE
CORPORATE FINANCE, LIMITED 

A letter from the Board is set out on pages 6 to 23 of this circular.

The Company is scheduled to convene the EGM at 2:45 p.m. on Thursday, June 18, 2026 at South Tower, CGN Building, No. 2002 Shennan Road, Shenzhen, Guangdong Province, the PRC. The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you are able to attend and vote at the EGM, you are requested to complete and return (i) the accompanying reply slip in accordance with the instructions printed thereon on or before Thursday, June 11, 2026 to the H Share Registrar; and (ii) the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 24 hours before the time appointed for convening the EGM or any adjournment thereof (as the case may be) to the H Share Registrar. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment should you so wish.

* *For identification purposes only*

May 18, 2026

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DEFINITIONS

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

“A Share(s)”	ordinary shares issued by the Company and denominated in RMB with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange
“A Shareholder(s)”	holder(s) of A Shares
“Acquisition”	the acquisition of the Share Interests by our Company from CGN pursuant to the Share Transfer Agreement
“Articles of Association”	the articles of association of CGN Power Co., Ltd.*
“Board”	the board of Directors of the Company
“Cangnan Nuclear Power”	CGN Cangnan Nuclear Power Co., Ltd. * (中廣核蒼南核電有限公司)
“Cangnan Phase I Project”	Cangnan Nuclear Unit 1 and Unit 2 Project
“Cangnan Phase II Project”	Cangnan Nuclear Unit 3 and Unit 4 Project
“Cangnan Phase III Project”	Cangnan Nuclear Unit 5 and Unit 6 Project
“Cangnan Second Nuclear Power”	CGN Cangnan Second Nuclear Power Co., Ltd. * (中廣核蒼南第二核電有限公司)
“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
“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 established in the PRC on March 25, 2014, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1816), and the A Shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 003816)
“connected person(s)”	has/have the meaning ascribed thereto under the Hong Kong Listing Rules

DEFINITIONS

“controlling shareholder”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the 2026 first extraordinary general meeting of the Company to be held at 2:45 p.m. on Thursday, June 18, 2026 at South Tower, CGN Building, No. 2002 Shennan Road, Shenzhen, Guangdong Province, the PRC
“FCD”	the First Concrete Day of the main plant of the nuclear reactor
“Geely Industry Investment”	Zhejiang Geely Industry Investment Holdings Co., Ltd. (浙江吉利產投控股有限公司), the de facto controller of which is Li Shu Fu
“Geely Technology”	Geely Technology Group Company Limited, the de facto controller of which is Li Shu Fu
“Group” or “our Group”	the Company and its subsidiaries
“H Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange and subscribed for and traded in Hong Kong dollars
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“H Shareholder(s)”	holder(s) of H Shares
“Haixi Construction”	Cangnan County Haixi Construction and Development Co., Ltd. (蒼南縣海西建設發展有限公司), the de facto controller of which is the Cangnan County Finance Bureau (蒼南縣財政局)
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	a board committee comprising Mr. Wong Ming Fung, Mr. Li Fuyou and Ms. Xu Hua, which has been established to advise the Independent Shareholders in respect of the Acquisition
“Independent Financial Adviser”	Anglo Chinese Corporate Finance, Limited, a licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition
“Independent Non-executive Directors”	the independent non-executive Directors, namely Mr. Wong Ming Fung, Mr. Li Fuyou and Ms. Xu Hua
“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
“Latest Practicable Date”	May 11, 2026, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong Special Administrative Region of the PRC, 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 People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (as amended or supplemented from time to time)

DEFINITIONS

“Share(s)”	A Share(s) and H Share(s)
“Share Interests”	the partial equity interests of the Target Companies to be acquired by our Company in connection with the Acquisition, representing (i) 46% of the equity interests in Cangnan Nuclear Power; and (ii) 51% of the equity interests in Cangnan Second Nuclear Power
“Share Transfer Agreement”	the share transfer agreement entered into between our Company and CGN on April 28, 2026 in respect of the Acquisition
“Shareholder(s)”	shareholder(s) of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Target Companies”	Cangnan Nuclear Power and Cangnan Second Nuclear Power
“Valuation Benchmark Date”	September 30, 2025
“Valuer”	Beijing Huaya Zhengxin Assets Appraisal Co., Ltd. (北京華亞正信資產評估有限公司), an Independent Third Party and a professional valuation institution established in accordance with the law upon record-filing with the Beijing Municipal Finance Bureau (北京市財政局) and the China Appraisal Society (中國資產評估協會) and qualified to engage in securities and futures valuation business
“Wenzhou Nuclear Development”	Wenzhou Nuclear Energy Development Co., Ltd. (溫州市核能發展有限公司), the de facto controller of which is the State-owned Assets Supervision and Administration Commission of the Wenzhou Municipal People’s Government (溫州市人民政府國有資產監督管理委員會)

DEFINITIONS

“Zheneng Electric Power” Zhejiang Zheneng Electric Power Co., Ltd. (浙江浙能電力股份有限公司), a joint stock company with limited liability established in the PRC on March 14, 1992 and listed on the Main Board of the Shanghai Stock Exchange on December 19, 2013 (stock code: 600023), the de facto controller of which is the State-owned Assets Supervision and Administration Commission of the Zhejiang Provincial People’s Government (浙江省人民政府國有資產監督管理委員會)

“%” per cent

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

LETTER FROM THE BOARD



CGN Power Co., Ltd.*
中國廣核電力股份有限公司

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

(Stock Code: 1816)

Executive Director:

Mr. Pang Songtao

Non-executive Directors:

Mr. Yang Changli (Chairman)

Ms. Li Li

Mr. Feng Jian

Mr. Liu Huanbing

Independent non-executive Directors:

Mr. Wong Ming Fung

Mr. Li Fuyou

Ms. Xu Hua

**Registered Office and Headquarters
in the PRC:**

18/F, South Tower, CGN Building

No. 2002 Shennan Road

Shenzhen, Guangdong Province

The PRC

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

31/F, Tower Two, Times Square

1 Matheson Street

Causeway Bay

Hong Kong

Dear Shareholders,

**(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF EQUITY INTEREST IN TWO
COMPANIES INCLUDING CANGNAN NUCLEAR POWER FROM CGN
AND**

(2) NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

The Company is scheduled to convene the EGM at 2:45 p.m. on Thursday, June 18, 2026 at South Tower, CGN Building, No. 2002 Shennan Road, Shenzhen, Guangdong Province, the PRC. The notice of the EGM is set out on page EGM-1 to EGM-3 of this circular.

The purpose of this circular is to provide you with details of the EGM; and the resolution to be proposed to Shareholders to consider and approve as ordinary resolution at the EGM and provide all reasonably required information to enable the Shareholders to make an informed decision on whether to vote for or against or abstain from voting at the resolution. Such resolution and details are set out in sections II of this letter from the Board.

LETTER FROM THE BOARD

II. MATTER TO BE RESOLVED AT THE EGM

Ordinary Resolution

To consider and approve the discloseable transaction and connected transaction in relation to the acquisition of equity interest in two companies including Cangnan Nuclear Power from CGN.

1. Introduction

Reference is made to the paragraphs headed “Corporate Governance Report – Horizontal Competition with the Controlling Shareholder” and “Directors’ Report – Controlling Shareholder’s Non-Competition Undertakings” in the 2025 annual report of the Company in relation to the grant of acquisition option by CGN to the Company for the acquisition of certain equity interests in the nuclear power business controlled by CGN that compete or are likely to compete with the Group’s business.

On April 28, 2026, the Company exercised the acquisition right in respect of the Share Interests, and our Company (as the purchaser) entered into the Share Transfer Agreement with CGN (as the vendor). Pursuant to the Share Transfer Agreement, our Company has agreed to acquire and CGN has agreed to dispose the Share Interests. As one of the conditions as set out in the 2025 annual report of the Company, the Independent Non-executive Directors have reviewed, considered and approved the exercise of the acquisition right. For details, please refer to the letter from the Independent Board Committee to the Independent Shareholders.

2. The Share Transfer Agreement

The principal terms of the Share Transfer Agreement are summarised as follows:

Date:	April 28, 2026
Parties:	(1) Our Company as purchaser (2) CGN as vendor
Subject matter:	Our Company has agreed to acquire and CGN has agreed to dispose of the Share Interests, representing (i) 46% of the entire equity interests in Cangnan Nuclear Power; and (ii) 51% of the entire equity interests in Cangnan Second Nuclear Power.

LETTER FROM THE BOARD

**Consideration and
payment terms:**

The total consideration for the sale and purchase of the Share Interests is approximately RMB8.347 billion, comprising (i) approximately RMB6.536 billion for the 46% equity interest in Cangnan Nuclear Power and (ii) approximately RMB1.811 billion for the 51% equity interest in Cangnan Second Nuclear Power. The total consideration shall be payable by our Company to CGN in cash within five working days from the date on which all conditions precedents are fulfilled. Our Company intends to satisfy the consideration by the internal resources of our Group.

**Basis of determining
Consideration**

The consideration was determined after arm's length negotiations between the Company and CGN with reference to the Valuers' valuation using the asset-based approach of all the interests of the shareholders of the Target Companies,⁽¹⁾ being (i) approximately RMB13.554 billion⁽²⁾ for Cangnan Nuclear Power and (ii) approximately RMB3,389 million⁽³⁾ for Cangnan Second Nuclear Power.

Conditions precedent:

Completion of the Acquisition is conditional upon fulfilment of the following conditions precedent:

- (a) all necessary internal approvals in respect of Acquisition (including but not limited to the approvals of the Board and the Independent Shareholders), having been obtained;
- (b) CGN and its external decision-making body (if applicable), having approved the Acquisition and the Share Transfer Agreement;
- (c) the asset valuation reports of the entire equity interests in the Target Companies having been filed;
- (d) the Acquisition having been reviewed and approved by the competent state-owned assets regulatory authority or its authorised body;

LETTER FROM THE BOARD

- (e) other shareholders of the Target Companies having waived their pre-emptive rights to the Share Interests; and
- (f) other necessary reviews or approvals required by the laws, regulations, or regulatory authorities of the PRC.

As at the Latest Practicable Date, among the above conditions precedent, save for condition (a) which remained subject to the approval at the general meeting of the Company, all other conditions precedent have been fulfilled.

Closing date:

The last calendar day of the calendar month in which the payment of the consideration for the Acquisition is completed.

Arrangements for the transition period:

The transition period refers to the period from the Valuation Benchmark Date to the closing date.

The profits and losses of the Target Companies arisen during the transition period shall be enjoyed and borne by CGN in proportion to its equity interests held in the Target Companies. After the closing date, the Company shall engage an auditing firm that meets the qualification requirements for securities services business to conduct audits for the Target Companies to confirm the profits and losses for the transition period and issue special audit reports. If the Target Companies record profits for the transition period, the Company will pay CGN in cash in proportion to the equity interests in the Target Companies held by CGN before the Acquisition. If the Target Companies record losses for the transition period, CGN shall pay the Company in cash in proportion to the equity interests held in the Target Companies before the Acquisition.

LETTER FROM THE BOARD

During the transition period, if CGN increases its capital in the Target Companies through a cash capital increase, an amount equivalent to the cash increase shall be paid in one lump sum to CGN by the Company when making the consideration payment to CGN. Meanwhile, the proportion of equity interests in the Target Companies held by CGN shall not be changed during the transition period.

Undertakings of CGN: If the Company incur losses as a result of any litigation, arbitration, claim, administrative penalty and/or other matters that violate relevant laws and regulations and are not reflected in the target equity price occurred in the Target Companies due to the defects in the land, real estate and sea area of and the contracts signed by the Target Companies before the closing date, the Company shall have the right to request CGN to compensate the Company in full in cash in a timely manner after determining the actual amount of losses caused by such matters in accordance with the law, but such compensation is limited to the foregoing losses incurred within 5 years after the closing date of the Acquisition.

Notes:

- (1) As of the Valuation Benchmark Date, the appraised entity had the situation where the registered capital of its shareholders had not been fully paid up (within the reasonable period stipulated in the Company Law, all of which have been paid up at present). The valuation did not take into account the impact of the underpayment of the subscribed registered capital. The valuation conclusion is corresponding to the appraised value of the paid-up capital contribution as of the Valuation Benchmark Date. In light of the relevant practice of transactions of state-owned assets, total value of shareholders' interests in the case of underpayment of subscribed registered capital is allocated among shareholders with reference to the following methods: equity value allocable to a shareholder = (total value of shareholders' interests based on the paid-up progress as of the benchmark date + amount of capital contribution subscribed but not yet paid up by all shareholders) × subscription proportion of such shareholder – amount of capital contribution subscribed but not yet paid up by such shareholder as of the benchmark date.

As at the Valuation Benchmark Date, the subscribed registered capital of all shareholders of Cangnan Nuclear Power amounted to RMB12,167.56 million, of which the subscribed capital contribution of CGN amounted to RMB5,597.08 million, representing 46% of the subscribed capital contributions; the paid-up registered capital of all shareholders of Cangnan Nuclear Power amounted to RMB11,304.09 million, of which the paid-up capital contribution of CGN amounted to RMB5,500.48 million, representing 48.66% of the paid-up capital contributions; the amount subscribed but not yet paid up by all shareholders of Cangnan Nuclear Power was RMB863.47 million, of which the amount subscribed but not yet paid up by CGN was RMB96.60 million. According to the valuation report of Cangnan Nuclear Power, the total value of shareholders' interests based on the paid-up progress as at the Valuation Benchmark Date amounted to RMB13,554.49 million. In light of the situation where the registered capital of the shareholders had not been fully paid up, the value of the equity interests in Cangnan Nuclear Power held by CGN = (RMB13,554.49 million + RMB863.47 million) × 46% – RMB96.60 million = RMB6,535.66 million.

As at the Valuation Benchmark Date, the subscribed registered capital of all shareholders of Cangnan Second Nuclear Power amounted to RMB3,404.10 million, of which the subscribed capital contribution of CGN amounted to RMB1,736.09 million, representing 51% of the subscribed capital contributions; the paid-up registered capital of all shareholders of Cangnan Second Nuclear Power amounted to RMB3,151.74 million, of which the paid-up capital contribution of CGN amounted to RMB1,690.19 million, representing 53.63% of the paid-up capital contributions; the amount subscribed but not yet paid up by all shareholders of Cangnan Second Nuclear Power was RMB252.36 million, of which the amount subscribed but not yet paid up by CGN was RMB45.90 million. According to the valuation

LETTER FROM THE BOARD

report of Cangnan Second Nuclear Power, the total value of shareholders' interests based on the paid-up progress as at the Valuation Benchmark Date amounted to RMB3,389.32 million. In light of the situation where the registered capital of the shareholders had not been fully paid up, the value of the equity interests in Cangnan Second Nuclear Power held by CGN = (RMB3,389.32 million + RMB252.36 million) × 51% – RMB45.90 million = RMB1,811.36 million.

The consideration for the transaction is in line with the above-mentioned value of the equity interests in the two Target Companies held by CGN. The Board of the Company is of the view that the valuation results are fair, and that the estimation of the consideration for the transaction is reasonable and reflects the actual value of the assets to be acquired as at the Valuation Benchmark Date without any additional premium, which is in the overall interests of the Company and the Shareholders as a whole.

- (2) In the valuation, the net asset book value of Cangnan Nuclear Power was approximately RMB11.362 billion. Under the valuation using the asset-based approach, the appraised value was approximately RMB13.554 billion, with appraisal increase of approximately RMB2.192 billion and appreciation rate of approximately 19.29%. The significant difference between the asset book value and the appraised value was mainly due to the fundamental difference between the accounting measurement basis and the valuation method. The book value is measured in strict compliance with historical cost principle, while the appraised value has fully reflected the fair market value as at the Valuation Benchmark Date. According to the prevailing China Accounting Standards for Business Enterprises, fixed assets, such as buildings, are stated at cost less accumulated amortisation, which does not fully taken into account of the difference between actual economic useful life and accounting depreciation term. When evaluating work in progress, capital costs have been re-estimated based on the reasonable completion schedule and interest rate, which reflected the actual value of capital utilisation. In respect of intangible asset, the value of land use rights has appreciated due to the development of the Cangnan County land market and the gradual rise in land expropriation policy standards. In respect of maritime right of use, differences between the appraised value and book value have arisen from factors such as the calculation of development interest, profits, and value-added gains based on the Technical Regulation For Valuation in Sea Area. These market conditions and the application of professional valuation methods represent value fluctuations that are not captured by the book value.
- (3) In the valuation, the net asset book value of Cangnan Second Nuclear Power was approximately RMB3.152 billion. Under the valuation using the asset-based approach, the appraised value was approximately RMB3.389 billion, with appraisal increase of approximately RMB238 million and appreciation rate of approximately 7.54%. The significant difference between the asset book value and the appraised value was mainly due to the fundamental difference between the accounting measurement basis and the valuation method. The book value is measured in strict compliance with historical cost principle, while the appraised value has fully reflected the fair market value as at the Valuation Benchmark Date. According to the prevailing China Accounting Standards for Business Enterprises, fixed assets are stated at cost less accumulated amortisation, which does not fully taken into account of the difference between actual economic useful life and accounting depreciation term. When evaluating work in progress, capital costs have been re-estimated based on the reasonable completion schedule and interest rate, which reflected the actual value of capital utilisation. In respect of intangible asset, the value of land use rights has appreciated due to the development of the Cangnan County land market and the gradual rise in land expropriation policy standards. In respect of maritime right of use, differences between the appraised value and book value have arisen from factors such as the calculation of development interest, profits, and value-added gains based on the Technical Regulation For Valuation in Sea Area. These market conditions and the application of professional valuation methods represent value fluctuations that are not captured by the book value.

3. *Information on the Target Companies*

Cangnan Nuclear Power

Cangnan Nuclear Power is a company established in the PRC, primarily engaged in the investment, development, construction, and operation of nuclear power plants. Immediately prior to the completion of the Acquisition, it was owned as to 46% by CGN, 34% by Zheneng Electric Power, 9% by Wenzhou Nuclear Development, 9% by Haixi Construction, and 2% by Geely Technology.

Cangnan Nuclear Power is responsible for the development, construction, and operation of the Cangnan Phase I project, Cangnan Unit 1 is qualified for commercial operation on April 29, 2026, while Cangnan Unit 2 is expected to commence commercial operations in 2027, respectively. The two units have an aggregate installed capacity of approximately 2,416 MW, and each of them has a

LETTER FROM THE BOARD

planned operating term of 60 years. It is expected that the total investment of Cangnan Phase I Project will be approximately RMB48.645 billion. As of the Valuation Benchmark Date, being September 30, 2025, the investment made to the Cangnan Phase I Project amounted to approximately RMB41.858 billion and approximately RMB6.787 billion to be invested subsequent to the Valuation Benchmark Date. Pursuant to the Articles of Association of CGN Cangnan Nuclear Power Co., Ltd. (《中廣核蒼南核電有限公司章程》), the registered capital of the company shall account for 30% of the total investment. The shareholders shall make capital contributions in installments according to the progress of the project. The capital increase in each installment shall be proposed by the board of directors of Cangnan Nuclear Power based on the progress and capital requirements of the project, subject to the approval at the general meeting of Cangnan Nuclear Power, and shall be paid in cash in RMB by the respective parties in proportion to their subscribed capital contributions.

The financial information of Cangnan Nuclear Power is as follows:

	For the year ended December 31, 2022 (audited) RMB'000	For the year ended December 31, 2023 (audited) RMB'000	For the year ended December 31, 2024 (audited) RMB'000	For the year ended December 31, 2025 (audited) RMB'000
Total assets	15,921,299	24,421,014	34,389,226	42,519,515
Total liability	11,235,799	17,524,886	24,839,986	30,491,964
Revenue	0	0	0	0
Net profit before tax	0	0	0	0
Net profit after tax	0	0	0	0

Cangnan Second Nuclear Power

Cangnan Second Nuclear Power is a company established in the PRC, primarily engaged in the investment, development, construction, and operation of nuclear power plants. Immediately prior to the completion of the Acquisition, it was owned as to 51% by CGN, 31% by Zheneng Electric Power, 8% by Wenzhou Nuclear Development, 8% by Haixi Construction, and 2% by Geely Industry Investment.

Cangnan Second Nuclear Power is responsible for the development, construction, and operation of the Cangnan Phase II Project and Cangnan Phase III Project. It is expected that Cangnan Unit 3 will commence commercial operation in 2030, and Unit 4 is currently in the pre-FCD preparation stage. The two units have an aggregate installed capacity of approximately 2,430 MW, and each of them has a planned operating term of 60 years. The Cangnan Units 5 and 6 Project involves

LETTER FROM THE BOARD

the planned construction of two million-kilowatt-class nuclear power units, and is currently undergoing preparatory work prior to the application for official approval. It is expected that the total investment for Cangnan Phase II Project will be approximately RMB43.788 billion. As at the Valuation Benchmark Date, being September 30, 2025, the investment made to Cangnan Phase II Project amounted to approximately RMB10.159 billion, and approximately RMB33.629 billion to be invested subsequent to the Valuation Benchmark Date. Pursuant to the Articles of Association of CGN Cangnan Second Nuclear Power Co., Ltd. (《中廣核蒼南第二核電有限公司章程》), the registered capital of the company shall account for 30% of the total investment. The shareholders shall make capital contributions in installments according to the progress of the project. The capital increase in each installment shall be proposed by the board of directors of Cangnan Second Nuclear Power based on the progress and capital requirements of the project, subject to the approval at the general meeting of Cangnan Second Nuclear Power, and shall be paid in cash in RMB by the respective parties in proportion to their subscribed capital contributions.

The financial information of Cangnan Second Nuclear Power is as follows:

	For the year ended December 31, 2023 (audited) RMB'000	For the year ended December 31, 2024 (audited) RMB'000	For the year ended December 31, 2025 (audited) RMB'000
Total assets	1,336,930	5,233,133	11,659,078
Total liability	1,286,930	4,392,497	8,254,978
Revenue	0	0	0
Net profit before tax	0	0	0
Net profit after tax	0	0	0

4. *Information on the Parties*

Our Company

Our Company mainly constructs, operates and manages nuclear power stations, sells electricity generated by these stations, and organizes and develops the design and R&D 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 is principally engaged in the generation and sale of power, and the construction, operation and management of

LETTER FROM THE BOARD

nuclear and non-nuclear clean projects. As at the Latest Practicable Date, CGN held approximately 58.89% of the issued share capital of our Company and is the controlling shareholder of our Company.

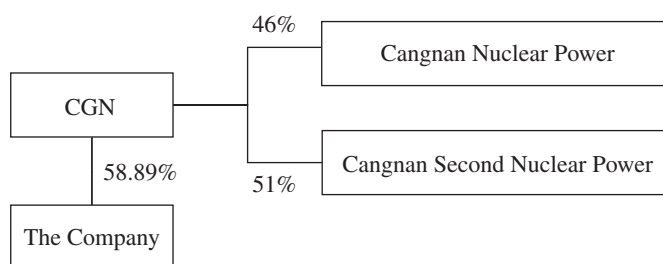
Target Companies

Details of the Target Companies are set out in the section headed “3. Information On the Target Companies” above.

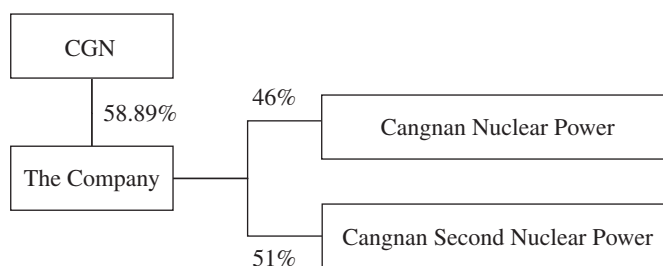
Relationship between the Parties

Set out below is a simplified table of the shareholding structures of the Company, CGN and the Target Companies as at the Latest Practicable Date and immediately after closing of the Acquisition:

As at the Latest Practicable Date



Immediately after closing of the Acquisition



As at the Latest Practicable Date, there is no change in the proportion of the issued shares of the Company held by CGN.

5. Reasons for and Benefits of the Acquisition

As disclosed in its 2025 annual report, the Company is positioned to be the sole platform of CGN for nuclear power generation. Pursuant to the deed of non-competition entered into by CGN in favour of the Company on November 21, 2014, CGN has given certain non-competition undertakings to the Company (for the benefit of itself and other members of the Group), that it will not, and will procure its associates and connected

LETTER FROM THE BOARD

persons (other than any members of the Group), at present or in the future, not to, directly or indirectly, among others, operate, involve in, have an interest in, engage in, acquire or hold any business or activities in the PRC or overseas that compete or likely compete with the business operated by the Group during the agreed restricted periods. To avoid competition between CGN and the Group, CGN has also granted us a right, which is exercisable during the term of the deed of non-competition, to acquire any equity interests, assets or other interests in the retained business carried out by CGN in one or more scenarios.

Pursuant to the right to acquire the retained business under the deed of non-competition, the Company has the right to choose to acquire, at any time, all or part of the interests in the nuclear power retained business being planned or developed by CGN. This undertaking shall remain in force until CGN ceases to be the controlling shareholder of the Company or until the Company ceases to be listed on the Hong Kong Stock Exchange. As disclosed in the 2025 annual report of the Company, the Target Companies belong to the retained business. Therefore, the Acquisition will help reduce the potential competition between the Group and CGN. For further details, please refer to, among others, “Corporate Governance Report – Horizontal Competition with the Controlling Shareholder” and “Directors’ Report – Controlling Shareholder’s Non-competition Undertakings” as disclosed in the 2025 annual report of the Company.

As of the Latest Practicable Date, save for Cangnan Nuclear Power and Cangnan Second Nuclear Power which were subject to the acquisition by the Company, the remaining retained nuclear power business of CGN included: Lingwan Nuclear Power Co., Ltd. (嶺灣核電有限公司), Hubei Nuclear Power Co., Ltd. (湖北核電有限公司), Xianning Nuclear Power Co., Ltd. (咸寧核電有限公司), Anhui Wuhu Nuclear Power Co., Ltd. (安徽蕪湖核電有限公司), CGN Shaoguan Nuclear Power Co., Ltd. (中廣核韶關核電有限公司), and CGN Jilin Nuclear Power Co., Ltd. (中廣核吉林核電有限公司). The above-mentioned retained businesses are still in a relatively early stage of development and currently do not constitute competition between the Company and CGN. The above-mentioned retained businesses do not meet the conditions for asset injection yet, and the Company currently has no plan to acquire such retained businesses from CGN within the next 12 months.

There will be a total of 4 nuclear power generating units for Cangnan Phase I Project and Cangnan Phase II Project, with installed capacity of approximately 4,846 MW in aggregate. Cangnan Phase III project plans to construct two million-kilowatt-class nuclear power units. Through the Acquisition, the Company will further expand the installed capacity of its controlled nuclear power units and its pipeline of nuclear power projects. This will continuously consolidate the Company’s market position and long-term competitiveness in the nuclear power industry. It is an effective way to achieve growth in the Company’s future nuclear power generation and financial performance, as well as a path to increase market share and achieve sustainable development. In view of this, the Acquisition is expected to enhance the Company’s long-term value.

LETTER FROM THE BOARD

6. *Valuations*

The valuations of the Target Companies were determined by the Valuer using the asset-based approach. In selecting the appropriate valuation approach, the Valuer considered the appropriateness of three generally accepted valuation approaches, namely the market approach, asset-based approach and income approach:

- (a) The market approach was not adopted because the number of comparable companies is limited. Furthermore, as Cangnan Phase I Project and Phase II Project were still under construction, and Cangnan Phase III Project had not yet been approved as of the Valuation Benchmark Date, reliable market data for comparable transactions could not be obtained. This limited the applicability of the method; therefore, the Valuer did not adopt the market approach in the independent valuation.
- (b) The income approach was also not adopted because the projects managed by the Target Companies were in the construction stage, the pre-FCD preparation stage, or had not yet been approved as of the Valuation Benchmark Date. After further considering the quality of parameters and potential changes in macroeconomic factors and industry policies, the Valuer considered that uncertainties might affect the accuracy of the valuation results under the income approach. Accordingly, the Valuer did not adopt the income approach as the final conclusion for the independent valuation.
- (c) The Valuer considered that using the asset-based approach would be most suitable for the valuation of the Share Interests, given that the Valuer was able to verify and assess the value of the assets and liabilities of the Target Companies primarily with reference to the financial statements of the Target Companies.

In conducting the valuations on the Target Companies, the Valuer has adopted the following major assumptions:

General assumptions:

- (1) Transaction assumption. It is assumed that the assets to be appraised are in the process of transaction and the Valuer will carry out the valuation in a simulated market based on the transaction conditions (among others) of the assets to be appraised.
- (2) Open market assumption: It is assumed that the assets may be traded freely in a competitive market where the price is determined by independent buyer-seller valuation judgments on assets under the supply-demand environment. Open market is characterized by equal access to information, voluntary transactions, and rational decision-making.

LETTER FROM THE BOARD

- (3) Stable macroeconomic environment assumption: It is assumed that there will be no material changes in applicable laws, policies, macroeconomic conditions, or regional socio-political environments.
- (4) Going concern assumption: It is assumed that the appraised entity can continue on an ongoing basis.
- (5) Legal compliance assumption: It is assumed that the appraised entity fully complies with all relevant laws and regulations.
- (6) Force majeure assumption: It is assumed that there are no force majeure factors and unforeseeable factors that have a significant adverse impact on the appraised entity after the Valuation Benchmark Date.

Special Assumptions

- (1) Accounting consistency assumption: It is assumed that the appraised entity's accounting policies post-Valuation Benchmark Date will remain materially consistent with those used in the valuation report.
- (2) Data reliability assumption: It is assumed that all information provided to the Valuer is accurate, complete, and legally valid.

The particulars of and reasons for the differences between the valuation conclusion and the book value arisen from the valuation conducted by the Valuer by adopting the asset-based approach are as follows:

(a) *Cangnan Nuclear Power*

- (1) The buildings recorded a valuation appreciation of approximately RMB63.56 million. The reason for the valuation appreciation is that the buildings were acquired relatively early, and property prices as at the Valuation Benchmark Date had increased quite substantially compared to those as at the date on which they were recorded in the accounts, thereby resulting in the increase in the value of the buildings;
- (2) The equipment assets recorded a valuation appreciation of approximately RMB20.72 million. The reason for the valuation appreciation is that the replacement cost has been determined after taking into account a reasonable cost of capital and considering that the economic useful life is longer than the accounting depreciation period;

LETTER FROM THE BOARD

- (3) The construction in progress recorded a valuation appreciation of approximately RMB1,875.14 million. The reason for the valuation appreciation is that the cost of capital corresponding to the respective reasonable expenditures of the construction in progress in the Valuation has been re-estimated based on a reasonable construction period and interest rate;
- (4) Intangible assets – land use rights recorded a valuation appreciation of approximately RMB228.27 million. The reason for the valuation appreciation is that the land parcels subject to the Valuation were acquired relatively early, and the market prices of the land and the standards under the land expropriation policies have been gradually increased, thereby resulting in the increase in the value of the land;
- (5) Intangible assets – sea area use rights recorded a valuation appreciation of approximately RMB4.06 million. The reason for the valuation appreciation is that the original book value of the sea area use rights of the enterprise was the one-off fees levied on the use of sea area, while during the process of estimating the sea area use rights, the valuers, with reference to the Technical Standards for Sea Area Price Valuation (《海域價格評估技術規範》), estimated the sea area development interest, sea area development profit and gains on appreciation, thereby resulting in the valuation appreciation;
- (6) Intangible assets – other intangible assets recorded a valuation appreciation of approximately RMB0.31 million. The reason for the valuation appreciation is that the prevailing selling prices in the market are higher than the book value; and
- (7) There was no appreciation or depreciation in the liabilities, and the appraised value represented the book value.

(b) *Cangnan Second Nuclear Power*

- (1) The electronic equipment recorded a valuation appreciation of RMB700. The reason for the valuation appreciation is that the economic useful life of the electronic equipment is longer than the accounting depreciation period of the enterprise, thereby resulting in the increase in the net appraised value;

LETTER FROM THE BOARD

- (2) The construction in progress recorded a valuation appreciation of approximately RMB234.72 million. The reason for the valuation appreciation is that the cost of capital corresponding to the respective reasonable expenditures of the construction in progress in the Valuation has been re-estimated based on a reasonable construction period and interest rate;
- (3) The land use rights recorded a valuation appreciation of approximately RMB2.37 million. The reason for the valuation appreciation is that the market prices of the land and the standards under the land expropriation policies have been gradually increased, thereby resulting in the increase in the value of the land;
- (4) The sea area use rights recorded a valuation appreciation of approximately RMB0.49 million. The reason for the valuation appreciation is that the original book value of the sea area use rights of the enterprise was the one-off fees levied on the use of sea area, while during the process of estimating the sea area use rights, the valuers, with reference to the Technical Standards for Sea Area Price Valuation (《海域價格評估技術規範》), estimated the sea area development interest, sea area development profit and gains on appreciation, thereby resulting in the valuation appreciation; and
- (5) There was no appreciation or depreciation in the liabilities, and the appraised value represented the book value.

The asset valuation filing for asset valuation results of the Acquisition has been completed in accordance with relevant laws and regulations. The Board is of the view that the approaches selected for the valuation can reflect the market values of the Target Companies at present. The assumption premises and restrictions set for the valuation have been executed in accordance with relevant laws and rules of China, complied with practices or standards generally accepted in the market, and are in line with the actual situation of the Target Companies. The valuation methods and valuation objectives are correlated. The valuation conclusions of the issued valuation report are reasonable, and the valuation pricing is fair, which will not harm the interests of the Company and Shareholders, especially the minority Shareholders.

The Board is satisfied that (i) the Valuer has the necessary professional qualifications and relevant experience to perform the valuations of the Target Companies; (ii) the scope of work carried out by the Valuer is appropriate for the relevant assessments; and (iii) the valuation assumptions and methodologies adopted by the Valuer for the relevant assessments are fair and reasonable. As such, the Board considers that the valuation is fair and reasonable, and hence reliable as the basis for determining the consideration of the Share Interests.

LETTER FROM THE BOARD

7. Financial Impact of the Acquisition

Upon completion of the Acquisition, the Target Companies will become subsidiaries of the Company. The assets, liabilities and financial results of the Target Companies will be consolidated into the Company's consolidated financial statements.

8. Implications under the Listing Rules

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of our Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, CGN, which holds approximately 58.89% of the issued share capital of our Company, is the controlling shareholder of our Company. Under Rule 14A.07 of the Listing Rules, CGN is a connected person of our Company. Therefore, the Acquisition constitutes a connected transaction on the part of our Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular, independent financial advice and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Board's Approval

On April 28, 2026, the Company convened its Board meeting. As at the date of the aforementioned Board meeting and the Latest Practicable Date, Mr. Yang Changli, Mr. Pang Songtao and Ms. Li Li did not hold shares in the Company. Mr. Yang Changli concurrently served as the chairman of CGN. Mr. Pang Songtao concurrently served as a director and the general manager of CGN and Ms. Li Li concurrently served as a director of CGN. The aforementioned directors are the directors who have a conflict of interest in the above Acquisition, and have abstained from voting on the resolution of the Acquisition. The Board has considered and approved the entering into of the Share Transfer Agreement with CGN in respect of the Acquisition.

Directors are of the view that the Acquisition is fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Independent Board Committee

The Company has established the Independent Board Committee comprising all the Independent Non-executive Directors, which is responsible for advising the Independent Shareholders on whether the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The letter from the Independent Board Committee to the Independent Shareholders is set out on page 24 of this circular, which contains its recommendation on the Acquisition. The Independent Board Committee is of the view that: the Acquisition is conducted on the basis of safeguarding the interests of the Company and all Shareholders, which is necessary and reasonable, and a substantive measure for the continuous performance of non-competition undertakings of CGN. The pricing of the connected transactions is fair without harming the interests of the Company and all Shareholders, especially minority interests, and is fair and reasonable as far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Independent Financial Adviser

The Company has appointed Anglo Chinese Corporate Finance, Limited as the Independent Financial Adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Acquisition are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

III. THE EGM

The Company will convene the EGM at 2:45 p.m. on Thursday, June 18, 2026 at South Tower, CGN Building, No. 2002 Shennan Road, Shenzhen, Guangdong Province, the PRC to consider and, if thought fit, to pass the resolution in respect of the matter set out in the notice of the EGM. A form of proxy and a reply slip have been published on the Company's website and the HKEXnews website of the Hong Kong Stock Exchange on May 18, 2026. The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

In accordance with Rule 14A.36 of the Hong Kong Listing Rules, any connected person who has material interests in such connected transactions must abstain from voting on relevant resolution at the EGM. As at the Latest Practicable Date, CGN holds 29,736,876,375 Shares in the Company, representing approximately 58.89% of the total issued Shares, and therefore CGN shall abstain from voting on the resolution in respect of Acquisition at the EGM. To the best knowledge, information and belief of the Directors, as at the Latest Practicable Date, 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 is binding upon them; and (ii) no obligation or entitlement of its ultimate beneficial owners and their respective associates as at the Latest Practicable Date, whereby they have or may have temporarily or permanently passed control over the exercise of the voting rights in respect of its Shares to a third party, either generally or on a case-by-case basis.

Whether or not you are able to attend and/or vote at the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon. If you intend to attend the EGM (in person or by proxy), you are required to complete and return the accompanying reply slip(s) to the H Share Registrar on or before Thursday, June 11, 2026.

LETTER FROM THE BOARD

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying form(s) of proxy in accordance with the instructions printed thereon. For H Shareholders, the form(s) of proxy should be returned to the H Share Registrar, namely Computershare Hong Kong Investor Services Limited, in person or by post as soon as possible and in any event not less than 24 hours before the time appointed for holding the EGM 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 EGM or any adjourned meeting, and completion and return of the reply slip(s) do not affect the right of a Shareholder to attend and vote at the respective meeting.

A Shareholder can vote on-site or by proxy, or through the Internet. For the voting method and registration method of participating in the EGM, please refer to the relevant announcement of the Company dated May 18, 2026 as published on the website of the Shenzhen Stock Exchange.

Voting by Poll at the EGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the EGM must be taken by poll. The chairman of the EGM will therefore demand a poll for every resolution proposed at the EGM pursuant to Article 98 of the Articles of Association.

On a poll, every Shareholder present in person or by proxy (or being a corporation by its duly authorized representative) at the EGM 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 is not required to use all his/her votes or cast all the votes he/she has in the same manner.

Closure of Register of Members and Eligibility for Attending and Voting at the EGM

In order to ascertain the entitlements of the Shareholders to attend and vote at the EGM, the register of H Shareholders of the Company will be closed from Friday, June 12, 2026 to Thursday, June 18, 2026 (both days inclusive), during which period no transfer of H Shares will be effected. Shareholders whose names appear on the register of members of the Company on Thursday, June 18, 2026 (i.e. record date) will be entitled to attend and vote at the EGM.

To be eligible to attend and vote at the EGM, all transfer documents of H Shares together with relevant share certificates and other appropriate documents shall be sent for registration to the H Share Registrar, namely Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on Thursday, June 11, 2026.

LETTER FROM THE BOARD

IV. RECOMMENDATIONS

The Board (including the independent non-executive Directors) is of the view that the resolution to be proposed at the EGM is in the interests of the Company and the Shareholders as a whole, and therefore recommends the Shareholders to vote in favour of all the resolutions to be proposed at the EGM.

V. ADDITIONAL INFORMATION

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

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

The PRC, May 18, 2026

* *For identification purposes only*

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



CGN Power Co., Ltd.*

中國廣核電力股份有限公司

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

(Stock Code: 1816)

To Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO
ACQUISITION OF THE EQUITY INTERESTS IN TWO COMPANIES
INCLUDING CANGNAN NUCLEAR POWER FROM CGN**

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders on the fairness and rationality of the terms of the Share Transfer Agreement, the details of which are set out in the “Letter from the Board” of this circular (the “**Circular**”) of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise specified.

Anglo Chinese Corporate Finance, Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on (a) the terms of the Share Transfer Agreement are conducted on normal commercial terms; (b) the Share Transfer Agreement is conducted in the ordinary and usual course of business of the Company, and are fair and reasonable as far as the Independent Shareholders concern; and (c) the Share Transfer Agreement is in the interests of the Company and its Shareholders as a whole.

Your attention is drawn to the “Letter from the Board” as set out on page 6 of the Circular, which contains, inter alia, information about the terms of the Share Transfer Agreement and the transactions contemplated thereunder, as well as the “Letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders” as set out on page 26 of the Circular, which contains the terms of the Share Transfer Agreement and the major factors under consideration for reaching their opinions.

Having considered the terms of the Share Transfer Agreement, and the opinions of the Independent Financial Adviser, we are of the view that the Share Transfer Agreement is on normal commercial terms and is conducted in the ordinary and usual course of business of the Group. We also are of the view that the terms of the Share Transfer Agreement and the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

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

Accordingly, we recommend the Independent Shareholders to vote in favour of relevant resolutions to be proposed at the EGM to approve the Acquisition.

Yours faithfully,

For and on behalf of

the Independent Board Committee

Wong Ming Fung

Independent

Non-executive Director

Li Fuyou

Independent

Non-executive Director

Xu Hua

Independent

Non-executive Director

May 18, 2026

* *For identification purposes only*

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

The following is the text of the letter from Anglo Chinese to the Independent Board Committee and the Independent Shareholders, prepared for the purpose of inclusion in this circular.

ANGLO CHINESE
CORPORATE FINANCE, LIMITED
www.anglochinesegroup.com

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限
公
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**英
高**

Room 4001, 40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

*To the Independent Board Committee
and the Independent Shareholders*

May 18, 2026

Dear Sirs,

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF EQUITY INTEREST IN TWO
COMPANIES INCLUDING CANGNAN NUCLEAR POWER FROM CGN**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the discloseable and connected transactions contemplated under the Share Transfer Agreement. Details of which, amongst other things, are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated May 18, 2026 (the “**Circular**”), of which this letter forms part. Terms defined in this Circular shall have the same meanings when used in this letter unless the context requires otherwise.

On 28 April, 2026, the Company exercised the acquisition rights in respect of the Share Interests, and the Company (as the purchaser) entered into the Share Transfer Agreement with CGN (as the vendor). Pursuant to the Share Transfer Agreement, the Company has agreed to acquire and CGN has agreed to dispose of the Share Interests, at the total cash consideration of approximately RMB8.347 billion. As one of the conditions as set out in the 2025 annual report of the Company, the Independent Non-executive Directors have reviewed, considered and approved the exercise of the acquisition right. Upon completion of the Acquisition, the Target Companies will become subsidiaries of the Company. The assets, liabilities and financial results of the Target Companies will be consolidated into the financial statements of the Group.

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

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a disclosable transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, CGN, which holds approximately 58.89% of the issued share capital of the Company, is the controlling shareholder of the Company. Under Rule 14A.07 of the Listing Rules, CGN is a connected person of the Company. Therefore, the Acquisition constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular, independent financial advice and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the Independent Non-executive Directors, was established to consider the terms of the Share Transfer Agreement and to advise the Independent Shareholders on whether the Share Transfer Agreement is in the interests of the Company and the Shareholders as a whole, and whether the terms of the Share Transfer Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and to advise the Independent Shareholders on how to vote on the relevant resolution to be proposed at the EGM. We, Anglo Chinese Corporate Finance, Limited, have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company, its subsidiaries and any other parties that could reasonably be regarded as relevant to our independence in accordance with Rule 13.84 of the Listing Rules. In the last two years prior to the Latest Practicable Date, we have acted as the independent financial adviser to the Company in relation to (i) the discloseable and connected transaction in relation to acquisition of the equity interests in four companies including Huizhou Nuclear Power from CGN; and (ii) the revision of annual caps for continuing connected transactions, details of which are set out in the circular of the Company dated 18 September 2025. Apart from normal advisory fees payable to us in connection with this appointment and the transaction listed above, no arrangement exists whereby we will receive any fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion, we consider that we have reviewed, among others, (i) the Share Transfer Agreement; (ii) the annual report of the Company for the year ended December 31, 2024 and 2025; (iii) the financial information of the Target Companies; and (iv) the Valuation Reports of the Target Companies prepared by the Valuer as at the Valuation Benchmark Date, a summary of which is set out in Appendix II to Appendix III of the Circular.

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

We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Hong Kong Listing Rules including the notes thereto to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the information, statements, opinion and representations contained or referred to in this Circular and all information and representations which have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so at the date hereof. We have also assumed that all statements of belief, opinion and intention of the Directors as set out in the Letter from the Board contained in this Circular were reasonably made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in this Circular.

The Company confirmed that they have provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of the information contained in this Circular so as to provide a reasonable basis of our opinion. We have no reason to suspect that any material facts or information, which is known to the Company, have been omitted or withheld from the information supplied or opinions expressed in this circular nor to doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the Directors which have been provided to us. We have not, however, carried out any independent verification on the information provided to us by the Directors, nor have we conducted any form of independent in-depth investigation into the business and affairs or the prospects of the Company, CGN or any of their respective subsidiaries or associates.

BACKGROUND INFORMATION OF THE ACQUISITION

Information of 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 is principally engaged in the generation and sale of power, and the construction, operation and management of nuclear and non-nuclear clean projects. As at the Latest Practicable Date, CGN held approximately 58.89% of the issued share capital of the Company and is the controlling shareholder of the Company.

Information of the Company

The Company mainly constructs, operates and manages nuclear power stations, sells electricity generated by these stations, and organizes and develops the design and R&D of nuclear power stations.

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

Set out below are the summarised audited annual financial information of the Group for the three financial years ended December 31, 2023, 2024 and 2025 (the “**FY2023**”, “**FY2024**” and “**FY2025**”, respectively), as extracted from the Company’s annual report 2024 and 2025:

Consolidated Income Statement	For the year ended December 31,		
	2023	2024	2025
<i>(RMB million)</i>	<i>(Audited and restated)</i>	<i>(Audited and restated)</i>	<i>(Audited)</i>
Operating revenue	74,460	78,945	75,697
Operating profit	20,515	22,005	18,425
Net profit from continuing operation	16,984	17,468	14,731

FY2025 vs FY2024

Operating revenue of the Group amounted to approximately RMB75,697 million for FY2025, representing a decrease of approximately 4.11% compared to approximately RMB78,945 million for FY2024. Drop in sales of electricity which comprised approximately 81.60% of operating revenue served as the main contributor to the decreased revenue. The Company has indicated that the decrease in revenue from sales of electricity was primarily due to the year-on-year decrease in the market-based transaction tariffs.

Operating profit of the Group amounted to approximately RMB18,425 million for FY2025, representing a decrease of approximately 16.27% compared to approximately RMB22,005 million for FY2024, driven mainly by increased cost of sales of electricity, which led to the increased operating cost.

Net profit from continuing operation of the Group amounted to approximately RMB14,731 million for FY2025, representing a decrease of approximately 15.67% compared to approximately RMB17,468 million for FY2024.

FY2024 vs FY2023

Operating revenue of the Group amounted to approximately RMB78,945 million for FY2024, representing an increase of approximately 6.02% compared to approximately RMB74,460 million for FY2023. The increase in operating revenue was mainly due to increase in sales of electricity and construction, installation and design services. The Company has indicated that the drivers for the growth in sales of electricity came from the approximately 6.81% year-on-year increase in total electricity consumption in the PRC and approximately 6.13% year-on-year increase in on-grid power generation. Provision of construction, installation and design services were mainly transacted with related parties. Revenue of which was measured in terms of progress towards completion.

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

Operating profit of the Group amounted to approximately RMB22,005 million for FY2024, representing an increase of approximately 7.26% compared to approximately RMB20,515 million for FY2023, driven mainly by increased margin in sales of electricity, reduced finance cost, increased investment income and other gains including VAT refunds.

Net profit from continuing operation of the Group amounted to approximately RMB17,468 million for FY2024, representing an increase of approximately 2.85% compared to approximately RMB16,984 million for FY2023.

Consolidated Balance Sheet	As at December 31,		
	2023	2024	2025
<i>(RMB million)</i>	<i>(Audited and restated)</i>	<i>(Audited and restated)</i>	<i>(Audited)</i>
Total assets	450,886	471,533	505,656
– Non-current assets	376,495	398,821	427,765
– Current assets	74,391	72,711	77,891
Total liabilities	277,164	288,588	329,442
– Non-current liabilities	196,796	205,888	211,680
– Current liabilities	80,368	82,700	117,762
Total equity attributable to Shareholders of the parent company	120,386	128,585	123,188

December 31, 2025 vs December 31, 2024

The Group's total assets increased by approximately 7.24% from approximately RMB471,533 million as at December 31, 2024 to approximately RMB505,656 million as at December 31, 2025. Such increase in total assets was mainly attributable to increase of approximately 33.95% in construction in progress from approximately RMB85,052 million to approximately RMB113,931 million partially offset by a decrease of approximately 4.04% in fixed assets from approximately RMB263,049 million to approximately RMB252,433 million as at December 31 2025.

The Group's total liabilities increased by approximately 14.16% from approximately RMB288,588 million as at December 31, 2024 to approximately RMB329,442 million as at December 31, 2025. The increase in total liabilities was mainly attributable to an increase of approximately 137.68% in short-term loans from approximately RMB17,735 million to approximately RMB42,151 million partially offset by a decrease of approximately 0.93% in long-term loans from approximately RMB191,999 million to approximately RMB190,203 million as at December 31, 2025.

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The Group's total equity attributable to Shareholders of the parent company decreased by approximately 4.20% from approximately RMB128,585 million as at December 31, 2024 to approximately RMB123,188 million as at December 31, 2025. The decrease in total equity attributable to Shareholders of the Company was mainly attributable to a decrease of approximately 51.78% in capital reserve from approximately RMB20,083 million to approximately RMB9,684 million partially offset by an increase of approximately 6.58% in retained earnings from approximately RMB50,146 million to approximately RMB53,448 million as at December 31, 2025.

Information on the Target Companies

Cangnan Nuclear Power

Cangnan Nuclear Power is a company established in the PRC, primarily engaged in the investment, development, construction, and operation of nuclear power plants. Immediately prior to the completion of the Acquisition, it was owned as to 46% by CGN, 34% by Zheneng Electric Power, 9% by Wenzhou Nuclear Development, 9% by Haixi Construction, and 2% by Geely Technology.

Cangnan Nuclear Power is responsible for the development, construction, and operation of Cangnan Phase I Project. Cangnan Unit 1 is qualified for commercial operation on April 29, 2026, while Cangnan Unit 2 is expected to commence commercial operation in 2027, respectively. The two units have an aggregate installed capacity of approximately 2,416 MW, and each of them has a planned operating term of 60 years. It is expected that the total investment of Cangnan Phase I Project will be approximately RMB48.645 billion. As of the Valuation Benchmark Date, being September 30, 2025, the investment made to Cangnan Phase I Project amounted to approximately RMB41.858 billion and approximately RMB6.787 billion to be invested subsequent to the Valuation Benchmark Date. Pursuant to the Articles of Association of CGN Cangnan Nuclear Power Co., Ltd. (《中廣核蒼南核電有限公司章程》), the registered capital of the company shall account for 30% of the total investment. The shareholders shall make capital contributions in installments according to the progress of the project. The capital increase in each installment shall be proposed by the board of directors of Cangnan Nuclear Power based on the progress and capital requirements of the project, subject to the approval at the general meeting of Cangnan Nuclear Power, and shall be paid in cash in RMB by the respective parties in proportion to their subscribed capital contributions.

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The financial information of Cangnan Nuclear Power is as follows:

	For the year ended December 31, 2022 (audited) RMB'000	For the year ended December 31, 2023 (audited) RMB'000	For the year ended December 31, 2024 (audited) RMB'000	For the year ended December 31, 2025 (audited) RMB'000
Total assets	15,921,299	24,421,014	34,389,226	42,519,515
Total liability	11,235,799	17,524,886	24,839,986	30,491,964
Revenue	0	0	0	0
Net profit before tax	0	0	0	0
Net profit after tax	0	0	0	0

Cangnan Second Nuclear Power

Cangnan Second Nuclear Power is a company established in the PRC, primarily engaged in the investment, development, construction, and operation of nuclear power plants. Immediately prior to the completion of the Acquisition, it was owned as to 51% by CGN, 31% by Zheneng Electric Power, 8% by Wenzhou Nuclear Development, 8% by Haixi Construction, and 2% by Geely Industry Investment.

Cangnan Second Nuclear Power is responsible for the development, construction, and operation of the Cangnan Phase II Project and Cangnan Phase III Project. It is expected that Cangnan Unit 3 will commence commercial operation in 2030, and Unit 4 is currently in the pre-FCD preparation stage. The two units have an aggregate installed capacity of approximately 2,430 MW, and each of them has a planned operating term of 60 years. The Cangnan Unit 5 and Unit 6 project, involves the planned construction of two million-kilowatt-class nuclear power units, and is currently undergoing preparatory work prior to the application for official approval. It is expected that the total investment for Cangnan Phase II Project will be approximately RMB43.788 billion. As at the Valuation Benchmark Date, being September 30, 2025, the investment made to Cangnan Phase II Project amounted to approximately RMB10.159 billion, and approximately RMB33.629 billion to be invested subsequent to the Valuation Benchmark Date. Pursuant to the Articles of Association of CGN Cangnan Second Nuclear Power Co., Ltd. (《中廣核蒼南第二核電有限公司章程》), the registered capital of the company shall account for 30% of the total investment. The shareholders shall make capital contributions in installments according to the progress of the project. The capital increase in each installment shall be proposed by the board of directors of Cangnan Second Nuclear Power based on the progress and capital requirements of the project, subject to the approval at the general meeting of Cangnan Second Nuclear Power, and shall be paid in cash in RMB by the respective parties in proportion to their subscribed capital contributions.

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The financial information of Cangnan Second Nuclear Power is as follows:

	For the year ended December 31, 2023 (audited) RMB'000	For the year ended December 31, 2024 (audited) RMB'000	For the year ended December 31, 2025 (audited) RMB'000
Total assets	1,336,930	5,233,133	11,659,078
Total liability	1,286,930	4,392,497	8,254,978
Revenue	0	0	0
Net profit before tax	0	0	0
Net profit after tax	0	0	0

Industry Overview

On March 10, 2026, at the 2nd Nuclear Energy Summit held in Paris, China has announced its decision to join the “Declaration to Triple Nuclear Energy Capacity by 2050”, originally launched by 22 countries at the 2023 United Nations Climate Change Conference or Conference of the Parties of the United Nations Framework Convention on Climate Change. This move aligns with the national policies outlined in the 15th Five-Year Plan (「十五五」規劃), in which the Chinese government has put emphasise on the acceleration of the construction of a new energy system by increasing the share of new energy supply, including nuclear energy, to strengthen national energy capabilities. Along with the Atomic Energy Law of the People’s Republic of China becoming effective on January 15, 2026, which is expected to strengthen regulatory oversight, promote industrial innovation, raise awareness on nuclear safety/security, and highlight controlled fusion, positioning China as a responsible, high-tech nuclear power.

According to the China Nuclear Energy Association, as of December 31, 2025, the PRC had 59 operating nuclear reactors totalling approximately 62,519 MW of installed capacity, producing approximately 468 billion kilowatt-hours of electricity throughout the year, accounting for approximately 4.82% of the total amount of electricity generated in China for 2025. With the increase in number of units under construction and projects approved by the government, China leads the world in the scale of nuclear power development. Technologically, China has made significant strides toward self-reliance, commercialising its domestically developed third-generation reactors such as “Hualong One” and “Guohe One”, achieving full localisation of critical equipment. The industry is also progressing on fourth-generation technologies, thereby strengthening the entire nuclear value chain. Looking ahead, China’s nuclear power sector is positioned for rapid and sustained growth. According to the China Nuclear Energy Association, by 2040, nuclear power is expected to account for approximately 10% of the country’s total electricity generation, with installed capacity potentially surpassing 200 GW.

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Based on the aforesaid, we understand that China's nuclear power industry is well on track for a fast growth over the coming decades, playing a critical role in the country's energy transition and carbon emission reduction efforts. According to the Company, by December 31, 2025, the installed capacity of nuclear power stations in operation and under construction under the Company's management was around 56,060MW, accounting for 44.48% of the national nuclear power capacity of China. We are advised by the Company that it has strengthened its technological innovation in nuclear energy, implemented dedicated strategic R&D initiatives, actively advanced the development of fourth-generation nuclear power technologies and SMRs, and continuously monitored the latest developments in advanced technologies both domestically and internationally. Having considered the above analysis, we concur with the Directors' view that the expansion through the Acquisition could help the Company maintain its leading position in the domestic market and seize the fast growth trend in China's nuclear power industry.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our opinion to the Independent Board Committee and the Independent Shareholders in relation to the Share Transfer Agreement and the Acquisition, we have taken into account the following principal factors and reasons:

SHARE TRANSFER AGREEMENT

Reasons for and benefits of enter into the Share Transfer Agreement

As set out in the Letter from the Board, the Company considers that the Acquisition will bring in the following benefits:

Mitigate potential competition between the Group and CGN

As disclosed in the Company's 2025 annual report, the Company is positioned to be the sole platform of CGN for nuclear power generation. Pursuant to the deed of non-competition entered into by CGN in favour of the Company on November 21, 2014, CGN has given certain non-competition undertakings to the Company (for the benefit of itself and other members of the Group), that it will not, and will procure its associates and connected persons (other than any members of the Group), at present or in the future, not to, directly or indirectly, among others, operate, involve in, have an interest in, engage in, acquire or hold any business or activities in the PRC or overseas that compete or likely compete with the business operated by the Group during the agreed restricted periods. To avoid competition between CGN and the Group, CGN has also granted the Company a right, which is exercisable during the term of the deed of non-competition, to acquire any equity interests, assets or other interests in the retained business carried out by CGN in one or more scenarios.

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Pursuant to the right to acquire the retained business under the deed of non-competition, the Company has the right to choose to acquire, at any time, all or part of the interests in the nuclear power retained business being planned or developed by CGN. This undertaking shall remain in force until CGN ceases to be the controlling shareholder of the Company or until the Company ceases to be listed on the Stock Exchange. As disclosed in the Company's 2025 annual report, the Target Companies belong to the retained business. Therefore, the Acquisition will help reduce the potential competition between the Group and CGN.

Capacity expansion to drive growth and market leadership

The Acquisition will enhance the installed capacity of nuclear power units controlled by the Company and expand its pipeline of reserve nuclear power projects, thereby accelerating its strategic objective of becoming the sole platform for CGN's nuclear power generation. By expanding its portfolio of both operational units and projects under construction, the Company can strengthen its ability to achieve growth in nuclear power generation and overall business performance. This expansion, together with the Company's multiple acquisitions in 2025 are also a crucial pathway to continue to increase the Company's market share and consolidating its long-term competitiveness within the nuclear power industry. Notably, all the nuclear power units involved in the Acquisition adopt the Hualong One technology reactor design. As advised by the Company, the Hualong One is a third-generation, one-million-kilowatt-class nuclear power technology with independent intellectual property rights, developed based on more than 30 years of accumulated experience, technology, and talent in the design, construction, operation, and research and development of nuclear power plants in China. The Group has continued to promote design optimisation and technological improvements for the Hualong One, focusing on enhancing its cost-effectiveness, advancement, and localisation. These efforts have laid a solid foundation for improving the competitiveness of the Company's Hualong One technology.

With the prospect of performance contributions expected from the Cangnan Phase I Project commencing commercial operation in 2026 and 2027, the Acquisition facilitates near term earnings growth while underpinning sustainable pipeline for long-term growth in competitiveness. This aligns directly with the Company's goal to consolidate its leading industry status and supports China's national objectives for low-carbon development and energy security, consistent with the Company's commitment to Shareholders regarding steady corporate development and value creation.

Having carefully considered that the Share Transfer Agreement and the Acquisition represents (i) mitigation of the potential industry competition between CGN and the Group; and (ii) a significant enhancement to the Company's portfolio through the immediate capacity enhancement and the strengthening of its long-term development pipeline, we are of the view that the Share Transfer Agreement and the Acquisition are fair, reasonable, and in the best interests of the Company and its Shareholders as a whole.

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Principal terms of the Acquisition

- Date** : April 28, 2026
- Parties** : (1) the Company as purchaser
(2) CGN as vendor
- Subject matter** : the Company has agreed to acquire and CGN has agreed to dispose of the Share Interests, representing (i) 46% of the entire equity interests in Cangnan Nuclear Power; and (ii) 51% of the equity interests in Cangnan Second Nuclear Power.
- Consideration and payment terms** : The total consideration for the sale and purchase of the Share Interests is approximately RMB8.347 billion, comprising (i) approximately RMB6.536 billion for 46% of the entire equity interests in Cangnan Nuclear Power; and (ii) approximately RMB1.811 billion for 51% of the equity interests in Cangnan Second Nuclear Power. The total consideration shall be payable by the Company to CGN in cash within five working days from the date on which all conditions precedents are fulfilled. The Company intends to satisfy the consideration by the internal resources of the Group.

Further details of the principal terms of the Share Transfer Agreement are set out in the Letter from the Board.

Analysis on the principal terms of the Share Transfer Agreement

Basis of the consideration of the Acquisition

The consideration for the Acquisition of approximately RMB8.347 billion comprising of (i) approximately RMB6.536 billion for 46% of Cangnan Nuclear Power; and (ii) approximately RMB1.811 billion for 51% of Cangnan Second Nuclear Power. The consideration was determined based on arms' length negotiations between the Company and CGN with reference to the valuation of the entire equity interests in the Target Companies held by the shareholders as at the Valuation Benchmark Date as appraised by the Valuer (the "**Appraised Value**").

With a view to evaluate the basis of the Appraised Value of the Share Interests, we have reviewed and discussed the contents of the valuation reports of the Target Companies (the "**Valuation Reports**") and have discussed with the Valuer regarding the valuation of the Target

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Companies with details set out below, including the Valuer's scope of work and expertise, the methodologies, the valuation assumptions, and the Valuation Benchmark Date, adopted in the Valuation Reports. Further details of the Valuation Reports are set out in Appendix II to Appendix III of the Circular.

Scope of work and qualifications of the Valuer

The Valuer was engaged to prepare the Valuation Reports which set out as the independent valuation on 100% interest in the Target Companies as at the Valuation Benchmark date (the "**Independent Valuation**"). The Valuation Reports have been prepared in compliance with the relevant professional standards issued by the Ministry of Finance of the PRC and China Appraisal Society.

We have discussed with the Valuer regarding the expertise of the Valuer and the relevant engagement team members. We understand that the Valuer is a qualified PRC asset valuation agency accredited by China Appraisal Society to perform the Independent Valuation and has experience in handling valuation exercises for equity within the PRC and around the world. The 2 responsible signing persons of the Valuation Report have over 9 years' experience in conducting valuation exercises, respectively. We have also enquired with the Valuer and the Valuer confirmed that it is independent from the Company, the Target Companies and CGN and other shareholders of the Target Companies to perform the Independent Valuation under the relevant professional standards.

We have reviewed the terms of the Valuer's engagement letter as well as the purpose and scopes set out in the Valuation Reports. We noted that the scope of work is appropriate for the Valuer to form the opinion required to be given and there were no limitations on the scope of work which might adversely impact the degree of assurance given by the Valuer.

Valuation methodology

Based on our discussion with the Valuer and review of the Valuation Reports, it is noted that the Valuer has concluded the Independent Valuation based on the asset-based approach. We understand that the Valuer has considered the three commonly used valuation approaches for valuation of a company, namely the income approach, the market approach and the asset-based approach:

- (1) **Income approach:** Under the income-approach, the value of a company is appraised based on discounted future cash flows. For the valuation of the Target Companies, as this approach requires the reasonable foundation to forecast future cash flows and to quantify associated risks, neither of which could be established given that the projects undertaken by the Target Companies are either in the construction stage, the pre-FCD preparation stage, or had not yet obtained approval as of the Valuation Benchmark Date. Therefore, the income approach was not adopted by the Valuer as the final valuation conclusion in the Independent Valuation.

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- (2) Market approach: Under the market approach, the value of a company is appraised based on comparison with comparable companies and/or transactions. However, the applicability of this approach is limited for the valuation of the Target Companies, given the limited number of companies available for comparison, coupled with the fact that no reliable market data can be obtained for comparable transactions due to the fact that Cangnan Phase I Project and Cangnan Phase II Project were still under construction as of the Valuation Benchmark Date and Cangnan Phase III Project had yet to obtain approval.

- (3) Asset-based approach: Under the asset-based approach, the value of a company is appraised based on the value of individual assets and liabilities. The Valuer considered that using the asset-based approach would be most suitable for the valuation of the Share Interests, given that the Valuer was able to verify and assess the value of the assets and liabilities of the Target Companies primarily with reference to the financial statements of the Target Companies.

We have evaluated the reasons behind the selection of the asset-based approach as the valuation methodology for the Independent Valuation, including (i) the market approach is not adopted mainly because of the limited number of comparable companies available in the market; (ii) the income approach is not adopted mainly because the Valuer has identified significant uncertainties in the parameters related to the construction, production and economic indicators of such nuclear power project. In particular, the electricity tariff level is heavily influenced by the macroeconomic environment and relevant industry policies in the PRC and is subject to potentially significant fluctuations in the foreseeable future, which may lead to considerable uncertainty in the prospects of such companies. As a result, the Valuer is of the view that the aforementioned factors may still have certain impacts on the accuracy of the valuation results obtained by the income approach, while the market value of assets is appraised and estimated from the perspective of asset replacement under asset-based approach, which may give an objective reflection of the market value of the enterprise at the current stage. Based on the above, we concur with the Valuer that the adoption of the asset-based approach is fair and reasonable.

Valuation assumptions

As part of our work performed, we have reviewed the Valuation Reports and discussed with the Valuer in respect of the assumptions adopted for performing the Independent Valuation, details of which are set out in Appendix II to Appendix III of the Circular. We understand from the Valuer that the assumptions are commonly adopted in other valuations of similar assets and there is no unusual assumption which has been adopted during the Independent Valuation. We also consider that the assumptions adopted in the Valuation Report are general in nature and we are not aware of any material facts which lead us to doubt the reasonableness of the assumptions adopted by the Valuer.

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The Valuation Benchmark Date

According to the Valuation Reports, the Valuation Benchmark Date is September 30, 2025. We noted that there is a seven-month period commencing on the Valuation Benchmark Date and ending on the Latest Practicable Date. After discussing the matter with representatives of the Company and reviewing the Share Transfer Agreement, we understand that, during this period, any profits or losses incurred by the Target Companies will be recognised and borne by CGN in proportion to its respective equity holdings in the Target Companies. Following completion of the Acquisition, the Company will engage an accounting firm to audit the Target Companies to confirm the profits and losses for this period. Given this arrangement, we concur with the Valuer's conclusion that no material adjustments need to be made in the Appraised Value between the Valuation Benchmark Date and the Latest Practicable Date.

Details of valuation

We have reviewed the Valuation Reports and discussed with the Valuer regarding its work done to arrive at the valuation of different items. We understand from the Valuer that when performing the Independent Valuation based on asset-based approach, the Valuer categorised the assets and liabilities of the Target Companies into different categories, mainly comprised of fixed assets, construction in progress, intangible assets and other non-current assets, while majority of the liabilities are non-current liabilities.

We noticed and understood from the Valuation Reports that the respective valuation of the Target Companies were carried on adjusted net assets method (“**Adjusted NAV**”), of which all the subjects' individual asset and liability account categories are analysed and valued separately. The value of the individual assets (both tangible and intangible assets) less the value of the liabilities (both recorded and contingent liabilities) represents the business value of the Target Companies. The Adjusted NAV is a common method for estimating the value of businesses which are still under development.

According to the summaries of the Valuation Reports as set out in Appendix II to Appendix III to the Circular, the Appraised Value amounted to approximately RMB16.944 billion compared to approximately RMB14.514 billion, being the sum of the book values of the Target Companies, representing an appreciation of approximately RMB2.430 billion. The appreciation was incurred from both Cangnan Nuclear Power and Cangnan Second Nuclear Power, mainly due to appreciation in non-current asset. Below shows the book value and appraised value of each of the Target Companies as at the Valuation Benchmark Date.

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Items	Book Value <i>RMB'000</i>	Appreciation/ (Depreciation) <i>RMB'000</i>	Appraised Value <i>RMB'000</i>
<u>Cangnan Nuclear Power</u>			
Current assets	3,565,872.0	–	3,565,872.0
Non-current assets	38,292,123.3	2,192,059.0	40,484,182.3
Included: Fixed assets	338,367.6	84,277.5	422,645.1
Construction in progress	31,652,655.7	1,875,140.0	33,527,795.7
Right-of-use assets	62,395.4	–	62,395.4
Intangible assets	590,616.2	232,641.5	823,257.7
Long-term deferred expense	494,806.0	–	494,806.0
Other non-current assets	5,153,282.4	–	5,153,282.4
Total assets	41,857,995.3	2,192,059.0	44,050,054.3
Current liabilities	1,556,906.2	–	1,556,906.2
Non-current liabilities	28,938,660.1	–	28,938,660.1
Total liabilities	30,495,566.3	–	30,495,566.3
Net assets (Shareholder's equity)	11,362,429.0	2,192,059.0	13,554,488.0
<u>Cangnan Second Nuclear Power</u>			
Current assets	262,745.3	–	262,745.3
Non-current assets	9,895,853.4	237,582.9	10,133,436.3
Included: Fixed assets	3,512.7	(0.7)	3,513.4
Construction in progress	8,128,082.0	234,723.9	8,362,805.9
Right-of-use assets	183.4	–	183.4
Intangible assets	350,780.5	2,858.3	353,638.8
Long-term deferred expense	928,718.7	–	928,718.7
Other non-current assets	484,576.1	–	484,576.1
Total assets	10,158,598.7	237,582.9	10,396,181.6
Current liabilities	3,193,792.4	–	3,193,792.4
Non-current liabilities	3,813,066.3	–	3,813,066.3
Total liabilities	7,006,858.7	–	7,006,858.7
Net assets (Shareholder's equity)	3,151,740.0	237,582.9	3,389,322.9

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Details of the key assets and liabilities of the Target Companies based on the asset-based approach valuation are set out below:

i. Fixed Assets

a. Buildings

Based on the purpose of the valuation, valuation subject, type of value, availability of information and other circumstances, different valuation approaches are adopted for the buildings (structures) owned by the appraised entity.

For purchased properties, the market approach is used taking into account their characteristics, intended use, information availability, and the active level of market transactions in their locations. In arriving at the valuation, the Valuer has identified comparable properties and made adjustments based on transaction status, transaction time, regional factors and other individual factors.

b. Machineries and equipment

For machineries and equipment, based on the purpose of the valuation and type of value, and in accordance with the principle of continuous use and based on the market price, taking into account the characteristics of the equipment to be appraised and the information collected, the replacement cost approach is primarily adopted in the valuation. The replacement cost approach takes the full cost of reacquiring or constructing the appraised asset in its new condition, less the physical, functional, and economic obsolescence that that occurred on the appraised asset, and uses the difference as the appraised value of the appraised asset.

ii. Construction in progress

The construction in progress included in the scope of valuation includes various upfront cost, project commencement fee, construction fee and administrative fee etc. The Valuer verifies the composition of carrying value through communication with officers from financial, investment and engineering departments of the Target Companies, and review of relevant accounting books, certificates, contracts, payment invoices and other information. The verified actual prepayment are used as the basis for recalculating the cost of capital to determine the appraised value.

iii. Intangible assets

The intangible assets mainly included land use rights, the sea area use rights (海域使用權), software purchased and intellectual property.

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For land use rights, on the basis of on-site inspection and relevant market research, taking into account the location of land to be appraised, land usage, usage conditions, local land market, available information and the applicability of relevant valuation methods, the Valuer adopts (i) replacement cost approach on parcels with comparable land expropriation compensation cases, with relevant tax and fee standards and other parameters readily available for reference; and (ii) market approach on parcels with comparable transactions in the same area as appraised parcel but without obtainable comparable land expropriation compensation cases, with relevant tax and fee standards and other parameters readily available for reference.

For the sea area use rights (海域使用權), the lack of a mature trading market for sea area use rights in Cangnan County and the lack of recent transaction cases in relation to sea area use right of the same type of sea area as the appraised subject within the supply-demand zone, market comparison approach is inappropriate for valuation. As the sea area to be appraised is for industrial use and cannot generate income separately, both income capitalization approach and residual approach are inappropriate for valuation. Upon the Valuer's inspection, it is understood that the acquisition cost and various expenses for the sea area to be appraised can be obtained in a reasonable way. Hence, the cost approximation approach is adopted by the Valuer.

For purchased software, valuation is conducted using market approach based on relevant conditions such as characteristics of other intangible assets, type of appraised value and information availability.

For intellectual properties, it refers to technology invent and develop by the project company as the principal. Expenses on relevant matters are not calculated separately, included in the carrying value of construction in progress, and cannot be separated from historical costs. Hence, cost approach has been adopted by the Valuer for the valuation of the intellectual properties based on the actual condition of the project, i.e. value of intellectual properties shall be deemed as equivalent to its R&D cost, with value included in construction in progress.

iv. Long-term deferred expense

For other long-term deferred expense, which mainly comprise of construction fees of the Cangnan Phase II Project Water Supply Project, the 228 National Highway and the Lingsha Highway and costs incurred in the construction of water supply projects to safeguard water provision. The Valuer investigated the reason of the occurrence of long-term deferred expense, and reviewed relevant accounting records, supporting vouchers and contracts to verify the amortisation period, amortisation amount and book value. The valuer used the carrying amount as the valuation reference.

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v. *Other non-current assets*

For other non-current assets, which mainly comprise of reclassified prepayments for construction and equipment and pending deductible input value added tax, the Valuer interviewed relevant personnel of the Target Companies to understand the nature and accounting treatments of its other non-current assets. Through the review of ledgers and accounting vouchers, the Valuer identified the applicable tax categories, tax rates, and relevant tax policies borne by the Target Companies, and performed sample checks on the relevant contracts in accordance with the principle of materiality.

For prepayments under which the Target Companies are entitled to receive corresponding goods or realise specific rights as stipulated in the contracts, the appraised value was determined based on the verified book value. Similarly, for items such as pending deductible input value-added tax, the verified book value was also adopted as the appraised value.

vi. *Liabilities*

As of the Valuation Benchmark Date, the Target Companies' liabilities included short-term borrowings, accounts payable, employee compensation payable, taxes payable, other payables, non-current liabilities due within one year, long-term borrowings and lease liabilities. The Valuer had verified the book value based on the details and relevant financial information provided by the Target Companies.

Having discussed with the Valuer and reviewed the details of the Valuation Report, we consider the methodologies used for each component constituting the Adjusted NAV are appropriate and align with normal market practice:

Fixed assets

For purchased properties, we consider the use of market approach modified by factors such as situation of the transaction, transaction date and conditions of the property is appropriate and is consistent with normal market practice. We have obtained and reviewed the list of comparable transactions adopted by the Valuer in conducting the valuation of the purchased properties. We note that the comparable transactions are located in the same area to the assessed properties, and the transaction dates are within same month from the valuation date. Taking into account of the above, we consider the comparable transactions adopted by the Valuer are appropriate.

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For machinery and equipment, we consider the replacement cost method is appropriate for machinery and equipment where direct comparables are lacking; we have examined the detailed variables adopted by the Valuer, including the replacement cost and the newness rates, and consider that they are consistent with market practise. The Valuer assessed the comprehensive newness rates of the equipment based on the service life method, having considered the estimated remaining useful life and their field inspection result. As a result, the newness rates of the equipment range from 48% (being oldest assets) to 99% (being newest assets). Based on our review of the Valuation Report and the underlying service/use history of the equipment and the Valuer's field inspection records provided to us, we noted that the adopted rates were consistent with such service/use history. Accordingly, we consider the comprehensive newness rates adopted by the Valuer to be fair and reasonable.

Construction in
progress

We consider the verification against records/contracts/paid progress payments and a prudence-based recalculation of fund costs using reasonable schedules and interest parameters – aggregating EPC turnkey items not yet finally settled – are reasonable for long-cycle nuclear projects and support the observed appraised uplifts for Cangnan Phase I Project and Cangnan Phase II Project.

We also reviewed the two-stage approach adopted by the Valuer to calculate the financing costs for construction in progress due to the long cycle of nuclear projects and significant variances in investment amounts across different construction stages to be effective in preventing material distortions in the final valuation. Specifically for the Cangnan Phase I Project, the use of the FCD as the cut-off is appropriate to avoid material deviation in calculating the capital expenditure of the project. For the Cangnan Phase II Project, we are of the view that using the establishment date as the cut-off is appropriate for projects that have not commenced FCD.

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Intangible assets

For land use rights with comparable land expropriation compensation cases, with relevant tax and fee standards and other parameters readily available for reference, the use of replacement cost method, is appropriate and is consistent with normal market practice. In contrast, the benchmark land price correction method is not adopted by the Valuer, as a complete benchmark land price adjustment system is not available.

For land use rights with no available comparable land expropriation compensation cases, with relevant tax and fee standards and other parameters readily available for reference, the use of market approach, taking into account of the location, size, usage conditions and other relevant factors is appropriate and is consistent with normal market practice. We have obtained and reviewed the list of comparable transactions adopted by the Valuer in conducting the valuation of the purchased properties and note that the assessed properties are located in the same area as the assessed land, and the transaction dates are within 3 years from the valuation date. Taking into account of the above, we consider the comparable transaction selected by the Valuer are reasonable. We are also advised by the Valuer that the comparable used are independent from the Company.

For sea area use rights with limited marketability and no standalone income, a cost-approximation method adjusted under the Technical Specification for Sea Area Price Assessment for development interests, profit and value-added income is a recognised surrogate where market and income methods are inapplicable, consistent with the premia over one-off royalty book values in the reports. We have reviewed the Valuer's adjustment to the sea area use rights and note that the adjustment was made with reference to the remaining term of the relevant sea area use rights. On this basis, we consider the adjustment adopted by the Valuer to be fair and reasonable.

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For purchased software, market benchmarking against prevailing licence pricing and obtaining vendor/developer quotation is reasonable, particularly given the specialised nature of the Target Companies' industry and the bespoke design of the systems. In this regard, we have reviewed the updated price quotation provided by the original vendor/developer of the respective software and compared it against the valuation prepared by the Valuer. We note that the quoted price is in line with the Valuer's valuation.

For proprietary intellectual properties without observable comparables and with R&D embedded in CIP, a cost approach on a continued-use premise is acceptable within the asset-based framework.

Long-term deferred
expense

For long-term deferred expense, asset-based approach was appropriate with amortization period determined primarily based on the length of time over which the long-term deferred expenses are expected to contribute and generate benefits is consistent with market practice.

Other non-current
assets and
liabilities

For other non-current assets and liabilities (including right-of-use assets and interest-bearing debts), the verification and carryover of book amounts where appropriate accord with an asset-based approach and the stated general and special assumptions.

Based on our review of the foregoing, no matters have come to our attention that cause us to question the appropriateness of the methodologies or the resulting appraised values. We are therefore of the view that the methodologies adopted by the Valuer are fair and reasonable, and, considering our other assessments of the Valuer's scope of work and qualifications and our independent cross-checks as set out below, we consider that the appraised value is no less favourable to the Company than would reasonably be expected under normal market conditions.

We note that the consideration of the Acquisition represents a slight premium over the pro rata Appraised Value of the equity interests in the Target Companies to be acquired by the Company, as determined in the Independent Valuation. As discussed in the Letter from the Board, such difference mainly arises from the adjustment made to reflect the status of the registered capital of the Target Companies. As at the Valuation Benchmark Date, the registered capital of the Target Companies had not been fully paid up by their shareholders. The Independent Valuation assessed the value of the Target Companies at the company level based on their existing asset and liability position, and did not adjust for the allocation of the subscribed but unpaid registered capital among the relevant shareholders.

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Having considered the explanation in the Letter from the Board, we understand that the unpaid registered capital was first added back because it represents the Target Companies' right to require their shareholders to pay in such capital, and that the unpaid capital contribution attached to the equity interests to be acquired was then deducted because it would remain payable by the buyer after completion, provided that the seller has made the contribution during the transition period. We consider this approach is reasonable as the addition reflects the value of the Target Companies' right to receive the unpaid registered capital, while the deduction reflects the capital contribution obligation attached to the equity interests to be acquired. Based on our review and for the reasons set out above, we consider the adjustment mechanism adopted by the Company to be fair and reasonable so far as the Shareholders are concerned.

For the purpose of further assessing the result of the Independent Valuation prepared by the Valuer, we have undertaken a cross-check by reviewing valuation multiples of comparable companies principally engaged in the nuclear power generation business and listed in Hong Kong or mainland China (the "**Comparable Companies**"). We note that the Company and China National Nuclear Power Co., Ltd. ("**CNNPC**", 601985.SH), a subsidiary of China National Nuclear Corporation ("**CNNC**"), are, on an exhaustive basis, the only two publicly listed companies in these markets principally engaged in nuclear power generation with operations and asset bases comparable to the Target Companies.

As the Comparable Companies are listed entities and differ from the Target Companies in terms of asset portfolios, capital structures, liquidity profiles and applicable regulatory frameworks, their trading multiples are not directly comparable to the Target Companies or the relevant nuclear power plants/projects. Accordingly, we have considered such multiples as supplementary reference only. In assessing the fairness and reasonableness of the consideration of the acquisition, we have placed primary reliance on our review of the Independent Valuation prepared by the Valuer using the asset approach, including the methodology adopted, key assumptions and principal valuation inputs. The Comparable Companies analysis is therefore included to provide additional context to the Independent Shareholders and to serve as a high-level cross-check of the result of the Independent Valuation.

Given that the consideration for the Acquisition pertains to assets which had not commenced commercial operations during the latest full financial year under review, we consider price-to-earnings ("**P/E**") ratios to be inappropriate for cross-checking purposes. Instead, we emphasise the price-to-book ("**P/B**") ratio as a more relevant metric in evaluating investment value given the capital-intensive nature of the business and accounting for developmental stage. Below set out the calculation of the P/B ratio of the Comparable Companies and the calculation of the implied P/B ratio for the Transaction:

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Company name	Stock code	Company description	As at the Latest Practicable Date		
			Market capitalisation (RMB' Million)	NAV attributable to Shareholders (RMB' Million)	P/B ratio (Note 1)
CGN Power Co., Ltd.	1816.HK/ 003816.SH	CGN Power Co., Ltd. operates and manages nuclear power generating stations. The company operate and manages nuclear power stations, sell electricity, nuclear power stations construction manages, and other services.	221,057	125,919	1.76x
China National Nuclear Power Co., Ltd.	601985.SH	China National Nuclear Power Co., Ltd. is a nuclear energy power producer. The company invests in, constructs, manages and operates nuclear power plants throughout China.	189,020	119,976	1.58x
			Consideration (RMB' Million)	Appraised Value (RMB' Million)	Implied P/B ratio – Appraised Value basis (Note 2)
The Acquisition			8,347	7,964	1.05x
			Consideration (RMB' Million)	Original Book Value (RMB' Million)	Implied P/B ratio – net book value basis (Note 3)
			8,347	6,834	1.22x

Source: Bloomberg and Valuation Reports

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Notes:

1. The P/B ratio of the Comparable Companies is calculated by way of dividing the market capitalisation by the latest published NAV attributable to Shareholders of the relevant companies on the Latest Practicable Date as extracted from Bloomberg.
2. The implied P/B ratio – Appraised Value basis of the Acquisition is calculated by way of dividing the consideration of the Acquisition by the Appraised Value of the Target Companies as at the Valuation Benchmark Date.
3. The implied P/B ratio – net book value basis of the Acquisition is calculated by way of dividing the consideration of the Acquisition by the sum of audited net book values of the Target Companies before appraisal.

Based on the latest available financial statements and closing prices as of Latest Practicable Date, the P/B ratios for the Company and CNNPC are approximately 1.76x and 1.58x, respectively. As the consideration for the Acquisition has been determined with reference to the Appraised Value of the Target Companies, which was assessed under the asset-based approach and represents the fair value of the net assets of the Target Companies, we note that the implied P/B ratio for the Acquisition is effectively 1.05x, mainly due to the adjustment made by the Company to reflect the status of the registered capital as stated above. Should we use sum of the audited net book values of the Target Companies before appraisal, the implied P/B would be 1.22x. Both implied P/B multiple are therefore below the levels observed for these Comparable Companies, indicating a valuation that is conservative relative to market benchmarks, and the Consideration reflects the appraised fair value of the underlying net assets without significant premium. Given (i) the limited number of Comparable Companies; and (ii) the business nature of the Company and CNNPC as compared with the Target Companies as a whole, we consider the Company and CNNPC are fair and representative samples for the purpose of providing additional information to the Independent Shareholders and as an alternative assessment to cross-check the result of the valuation.

It is important for the Independent Shareholders to note that (i) the business and financial aspects and prospects of the Target Companies, the Company and CNNPC may not be identical; and (ii) the number of market comparable companies is limited, therefore the price ratio analysis is only for completeness and as an additional reference for the Independent Valuation, where the primary reference of the consideration for the Acquisition shall be the Independent Valuation, given the Independent Valuation is prepared by an independent professional valuer has taken into account the individual circumstances of each of the Target Companies.

Taking into account the above work and steps we have conducted in relation to the relevant Valuation Report, including but not limited to (i) interviewing the Valuer as to its expertise and its independence; (ii) reviewing the terms of engagement of the Valuer and assessing the appropriateness of its scope of work; (iii) review and assessment on the reasonableness of the valuation methodologies, basis and assumptions being adopted in the Valuation Report; and (iv) cross-checking of the Independent Valuation and consideration for the Acquisition through our independent research as discussed above; we consider the consideration for the Acquisition is fair and reasonable, and the Appraised Value is no less favourable to the Company than could reasonably be expected under normal market conditions.

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RECOMMENDATION

Having considered the above, we are of the opinion that the Share Transfer Agreement and the Acquisition are in the interests of the Company and the Shareholders as a whole. We are also of the opinion that the terms of the Share Transfer Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Acquisition at the EGM.

Yours faithfully,
for and on behalf of

Anglo Chinese Corporate Finance, Limited

Brandon Li

Director

Alex Wang

Assistant Director

Mr. Brandon Li is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Anglo Chinese Corporate Finance, Limited to carry out Type 6 (advising on corporate finance) regulated activities under the SFO. He has over 12 years of experience in corporate finance.

Mr. Alex Wang is a licensed person registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 7 years of experience in corporate finance.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 INTEREST OF DIRECTORS AND CHIEF EXECUTIVE

As of the Latest Practicable Date, none of the Directors or the chief executive of our Company had any interest and/or short position in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and/or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company and the Hong Kong Stock Exchange.

3. DISCLOSURE OF INTEREST OF SUBSTANTIAL SHAREHOLDERS

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 Divisions 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 and class of Shares	Approximate % in the relevant class of Shares (%)	Approximate % of issued Shares of the Company (%)
CGN	Beneficial owner	29,176,641,375	74.17	57.78
		A Shares (L)		
		560,235,000	5.02	1.11
		H Shares (L)		

Shareholder	Capacity/Nature of interest	Number and class of Shares	Approximate % in the relevant class of Shares (%)	Approximate % of issued Shares of the Company (%)
CITIC Securities Company Limited	Interest of controlled corporation	6,049,765 A Shares (L)	0.02	0.01
		2,450,287,000 H Shares (L)	21.95	4.85
		28,962,000 H Shares (S)	0.26	0.06
	Beneficial owner	9,326,442 A Shares (L)	0.02	0.02
		10,000,000 H Shares (L)	0.09	0.02

Notes:

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

4. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of our Group since December 31, 2025, 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, 2025 (being the date to which the latest published audited financial statements of our Company were made up) and up to the Latest Practicable Date, none of the subsidiaries of our Group had acquired or agreed to acquire or was proposing to acquire a business or an interest in the share capital of a company whose 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' SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors 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' INTERESTS IN ASSETS

As of the Latest Practicable Date, none of the Directors 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 enlarged Group since December 31, 2025, being the date to which the latest published audited financial statements of our Group were made up.

8. DIRECTORS' INTERESTS IN CONTRACTS

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

9. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

Name of Director	Position in our Company	Other interests
Mr. Yang Changli	Chairman of the Board and non-executive Director	Chairman of CGN
Mr. Pang Songtao	Executive Director and President	Director and general manager of CGN
Ms. Li Li	Non-executive Director	Director of CGN

10. LITIGATION

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

11. EXPERT AND CONSENTS

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

Name	Qualification
Anglo Chinese Corporate Finance, Limited	A corporation licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance

The expert referred to above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and references to its name in the form and context in which they are included. The letter and recommendation given by the Independent Financial Adviser are given as at the date of this circular for incorporation herein.

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 subsidiary of our Group.

As at the Latest Practicable Date, none of the experts referred to above, directly or indirectly, had any interest in any assets which had since December 31, 2025 (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. GENERAL

- (a) The joint company secretaries of the Company are Mr. Yin Engang and Ms. Ng Sau Mei. Ms. Ng Sau Mei is a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (b) The registered address of 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 (the share registrar and transfer office of our Company in Hong Kong), Computershare Hong Kong Investor Services Limited, is at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) All references to times in this circular refer to Hong Kong times.

- (e) In the event of any inconsistency, the Chinese language text of this circular shall prevail over the English language text.

13. DOCUMENTS ON DISPLAY

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

- (a) the Share Transfer Agreement;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 24 to 25 in this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 26 to 50 in this circular;
- (d) the written consent referred to in paragraph headed “Experts and Consents” in this appendix;
- (e) the asset valuation report of Cangnan Nuclear Power; and
- (f) the asset valuation report of Cangnan Second Nuclear Power.

**Summary of Asset Valuation Report of
the Proposed Transfer of Equity Interests By China General Nuclear Power
Corporation* Involving Entire Equity Interests of the Shareholders of
CGN Cangnan Nuclear Power Co., Ltd.***

Huaya Zhengxin Ping Bao Zi [2026] No. A24-0018

China General Nuclear Power Corporation*:

Beijing Huaya Zhengxin Assets Appraisal Co., Ltd. has accepted the engagement from the Company, and in accordance with the provisions of laws, administrative regulations and asset valuation standards, by adhering to the principles of independence, objectivity and impartiality, adopting the asset-based method and income method and according to the necessary valuation procedure, a valuation has been conducted on the market value of all shareholders' equity of CGN Cangnan Nuclear Power Co., Ltd.* as of September 30, 2025 relating to the proposed equity transfer to be carried out by China General Nuclear Power Corporation*. The two asset valuers who signed the report are Liu Yunfei (劉雲飛) (membership number: 41160023) and Zhao Yuanpeng (趙園鵬) (membership number: 41160019). They have been serving at Beijing Huaya Zhengxin Assets Appraisal Co., Ltd. (北京華亞正信資產評估有限公司), and have obtained the professional qualifications as asset valuers and filed with the China Appraisal Society (中國資產評估協會). Save for providing asset valuation services for the Transaction, the asset valuers do not have any connected relationship with any party to the Transaction, nor do they have any actual or expected interest or conflict that would affect their provision of services. Their performance of the Valuation complies with the principles and requirements of objectivity, fairness and independence, and they possess independence. Details of the asset valuation report are set out as follows:

I. BASIC INFORMATION ABOUT THE VALUATION

Purpose of the valuation: China General Nuclear Power Corporation* intends to transfer its equity interests in CGN Cangnan Nuclear Power Co., Ltd.*. Hence, the market value of the entire equity interests in CGN Cangnan Nuclear Power Co., Ltd.* as at the Valuation Benchmark Date has to be assessed in order to provide value reference for the above economic activity.

Subject of valuation: Entire equity interests in CGN Cangnan Nuclear Power Co., Ltd.* as at the Valuation Benchmark Date.

* For identification purpose only

Scope of valuation: All audited assets and liabilities of CGN Cangnan Nuclear Power Co., Ltd.* reported as at the Valuation Benchmark Date include current assets, non-current assets, current liabilities and non-current liabilities.

Valuation Benchmark Date: September 30, 2025

Type of value: Market value.

II. SCOPE OF WORK

The scope of work of the valuer includes: (1) defining the fundamental engagement matters; (2) entering into an engagement agreement; (3) preparing the valuation work plan; (4) performing on-site investigation; (5) collecting and organizing valuation data; (6) conducting valuation analysis and forming conclusions; (7) preparing and issuing the valuation report.

III. SOURCE OF INFORMATION

In valuing the 100% equity interests in the target company, the valuer has reviewed information obtained from various sources, including but not limited to:

1. Various laws and regulations issued by the PRC;
2. Various valuation standards and valuation guidance opinions issued by the PRC;
3. Information on the future annual operation and development plans, measures, profit forecast and other information as provided by the client and the appraised entity;
4. Financial statements and audit report as at the Valuation Benchmark Date and for prior years as provided by the appraised entity;
5. Other information required for valuation as provided by the client and the appraised entity;
6. Other information about the valuation as recorded and collected by the valuer during on-site inspection.

IV. VALUATION METHODS AND REASONS FOR SELECTION**1. Introduction of Valuation Methods**

Business valuation methods primarily include asset-based approach, income approach and market approach.

The asset-based approach in business valuation refers to the valuation method of determining the value of the appraised entity by reasonably assessing the value of on-balance sheet and identifiable off-balance sheet assets and liabilities on the basis of the balance sheet of the appraised entity at the Valuation Benchmark Date.

Income approach in business valuation refers to the valuation method of determining the value of the appraised entity by capitalizing or discounting the expected income. Common methods used in income approach include dividend discount method and cash flow discount method.

Market approach in business valuation refers to the valuation method of determining the value of the appraised subject by comparing the appraised subject with comparable listed companies or comparable transaction cases. Two common methods used in market approach are listed company comparison method and transaction case comparison method.

2. Selection of Valuation Methods for Subject Asset

According to the Guidelines for the Practice of Asset Appraisal – Business Value, the valuer analyzes the applicability of the three basic valuation methods, namely income approach, market approach and asset-based approach, and select the valuation method based on the purpose of the valuation, valuation subject, type of value, availability of information and other circumstances in performing the business valuation engagement.

Based on the purpose of the valuation, valuation subject, type of value, availability of information and other circumstances, as well as the applicability of the three basic valuation methods, asset-based approach and income approach are selected for the valuation. Reasons for selection of valuation methods are as follows:

Reasons for selecting asset-based approach: Taking into account of the details on various assets and liabilities of the appraised entity obtained in the valuation, the valuer can conduct valuation on various assets and liabilities by adopting appropriate valuation methods, which fulfills the conditions for asset-based valuation. Hence, asset-based approach has been selected for conducting valuation.

Reasons for selecting income approach: CGN Cangnan Nuclear Power Company* is responsible for the development, investment, construction and operation of Zhejiang San'ao Nuclear Power Phase I Project*. Upon investigation on the appraised entity, it is understood

that the construction of the nuclear power project as invested and constructed by the appraised entity was in progress normally. Its future earnings can be estimated and measured in monetary terms, and the risks associated with obtaining those future earnings can also be quantified. Hence, income approach has been selected for conducting valuation.

Reasons for not using market approach: In view of the limited number of comparable listed companies in China's capital markets that are in the same industry as the appraised entity, and given that the appraised entity was still under construction as of the Valuation Benchmark Date, market data on comparable transaction cases could not be obtained. Hence, the objective conditions necessary for adopting the market approach were not met for this valuation.

V. VALUATION ASSUMPTIONS

(I) General Assumptions

1. Transaction assumption: It is assumed that all assets to be appraised have already in the process of transaction and the valuer will carry out the valuation in a simulated market based on the transaction conditions (among others) of the assets to be appraised;
2. Open market assumption: It refers to the fact that the assets can be traded freely in a competitive market where the price is determined by independent buyer-seller valuation judgment on assets under certain supply-demand environment. Open market refers to a competitive market with many buyers and sellers. In this market, the positions of buyers and sellers are equal, and they both have the opportunity and time to obtain sufficient market information. The trading behavior of the buyers and sellers is carried out voluntarily and rationally, rather than under compulsion or unconstrained conditions;
3. It is assumed that there will be no material changes in relevant prevailing laws, regulations and policies of China and its macroeconomic situation. There will be no material changes in the political, economic and social environment of the regions where the parties to this transaction are located;
4. Based on the actual status of the assets on the Valuation Benchmark Date, it is assumed that the appraised entity can continue on an ongoing basis;
5. It is assumed that there will be no material changes in the tax basis and tax rate, policy levies in relation to the appraised entity after the Valuation Benchmark Date;
6. It is assumed that the management of the appraised entity is responsible, stable and capable of performing its duties after the Valuation Benchmark Date;

7. It is assumed that the appraised entity fully complies with all relevant laws and regulations;
8. It is assumed that there are no force majeure factors and unforeseeable factors that have a significant adverse impact on the appraised entity after the Valuation Benchmark Date.

(II) Special Assumptions

1. It is assumed that the accounting policies adopted by the appraised entity after the Valuation Benchmark Date will remain materially consistent with the those used in the preparation of this valuation report;
2. It is assumed that, after the Valuation Benchmark Date, the business scope and mode of the appraised entity will be consistent with the current status on the basis of the existing management method and management level;
3. It is assumed that the appraised entity will receive an even net cash flow in each year after the Valuation Benchmark Date;
4. It is assumed that all information in relation to the valuation provided by the client and the appraised entity is true, complete and legally valid;
5. It is assumed that the Zhejiang San'ao Nuclear Power Phase I Project* invested and constructed by the valuated entity may be smoothly completed in accordance with the relevant investment plan and construction progress on the benchmark date, and with reference to the Group's operating conditions of the nuclear power generation units adopting Hualong One technology and other technologies and combining with factors such as the latest market conditions, the expected costs and expenses and other economic analysis data of the valuated entity are executed smoothly. The major parameters involved are: Unit 1 starts commercial operation on March 31, 2026 and Unit 2 starts commercial operation on March 31, 2027; commercial operation has a term of 60 years; all generation units have annual power generation hours of not less than 8,000 hours; the on-grid tariffs in the future years will be determined by the expected integrated power tariffs, that is, not less than RMB0.3675/kWh (exclusive of tax);
6. It is assumed that there is no significant difference between the actual investment amount for the construction of Zhejiang San'ao Nuclear Power Phase I Project* and the investment amount used in this valuation.

The valuation conclusion of the valuation report is made based on the above assumptions on the Valuation Benchmark Date.

VI. TECHNICAL DESCRIPTION OF VALUATION**(I) Technical Description of Valuation with Asset-based Approach****1. Description of Valuation of Current Assets***(1) Scope of valuation*

Current assets included in the scope of valuation consist of monetary funds, other receivables and inventories.

*(2) Valuation methodology and process***① Monetary funds**

Monetary funds consist of bank deposits and other monetary funds, with carrying value of RMB1,722,668,442.77. Among which, bank deposits amounted to RMB1,690,921,914.22 while other monetary funds amounted to RMB31,746,528.55.

The appraised value of monetary funds was RMB1,722,668,442.77, without appreciation nor depreciation in valuation.

② Other receivables

As of the Valuation Benchmark Date, the book balance of other receivables was RMB1,798,724,823.10, the net carrying value of unrecognized provision for bad debts was RMB1,798,724,823.10. It accounted for share of expenses from enterprise agreements and employee borrowings.

The appraised value of other receivables was RMB1,798,724,823.10, without appreciation nor depreciation in valuation.

③ Inventory

The carrying value of inventories as at the Valuation Benchmark Date was RMB44,478,790.09. Without taking into account impairment provision, the net carrying value of inventories was RMB44,478,790.09. It accounted for raw materials.

The appraised value of raw materials was RMB44,478,790.09, without appreciation nor depreciation in valuation.

(3) *Valuation result*

The appraised value of current assets was RMB3,565,872,055.96, without appreciation nor depreciation in valuation.

2. *Description of Valuation of Non-current Assets*(1) *Description of valuation of buildings (structures)*

① Scope of valuation

159 items of buildings are within the scope of valuation, including 158 residential units and one block of training center (BEA), which are located at UnionPay Building in Lingxi Township, Cangnan County, Wenzhou City, Zhejiang Province and San'ao Village in Xiaguan Township, Cangnan County, Wenzhou City, Zhejiang Province, respectively. The carrying values of assets under the category of building structures as of the Valuation Benchmark Date are set out in the table below:

Unit: RMB

Item	Number	Area	Carrying value	
			Original value	Net value
Buildings	159	20,044.33	175,217,001.36	132,566,781.98
Total for buildings (structures)	159	20,044.33	175,217,001.36	132,566,781.98

② Valuation method

Based on the purpose of the valuation, valuation subject, type of value, availability of information and other circumstances, different valuation approaches are adopted for the buildings owned by the appraised entity. For purchased properties, the market approach is used taking into account their characteristics, intended use, information availability, and the active level of market transactions in their locations. For buildings (BEA Training Center) falling within the turnkey (EPC) contract scope, final project cost settlement has not yet been carried out. The company has provisionally capitalized these assets at estimated amounts. Their carrying values are incomplete, with certain costs that should be allocated to these assets still accumulated under construction in progress. After communication with the principal and the management of the valuated entity, such buildings will not be estimated individually, the verified carrying value will be confirmed as the valuation amount, and will be treated as part of the basis for calculation of interest for construction in progress to estimate the cost of funds for construction in progress.

③ Valuation result and analysis

The result of the valuation of buildings (structures) within the scope of valuation is set out below:

Summary of result of valuation of buildings (structures)*Unit: RMB*

Item	Carrying value		Appraised value		Appreciation rate %	
	Original value	Net value	Original value	Net value	Original value	Net value
Buildings	175,217,001.36	132,566,781.98	203,130,616.18	196,127,133.19	15.93	47.95
Total for buildings	175,217,001.36	132,566,781.98	203,130,616.18	196,127,133.19	15.93	47.95

Analysis on reasons for appreciation or depreciation in valuation

Since the buildings are purchased at an earlier time, the property prices at the Valuation Benchmark Date increased significantly when compared with the booking date, resulting in appreciation in the value of buildings.

(2) *Technical description of valuation of machinery and equipment*

① Scope of valuation

The equipment assets included in the scope of valuation refer to machinery and equipment, vehicles and electronic devices. The carrying values as of the Valuation Benchmark Date are set out below:

Carrying value of equipment assets*Unit: RMB*

Type of equipment	Number (sets)	Carrying value	
		Original value	Net value
Machinery and equipment	488	195,433,292.57n	178,775,445.59
Vehicles	10	8,532,735.40	4,759,745.65
Electronic devices	6,317	40,980,880.10	22,265,638.38
Total	6,815	244,946,908.07	205,800,829.62

The equipment subject to valuation are distributed within the Cangnan Nuclear Power Plant, including primarily the San'ao Nuclear Power Phase I Project full range simulator (BEA), power generator testing meter, electric head torque testing bench, safety valve testing bench, portable advanced vibration collector, simulated secondary neutron source assembly, electro-hydraulic servo universal testing machine, office and transportation vehicles and electronic devices.

② Valuation method

Based on the purpose of the valuation and type of value, in accordance with the principle of continuous use and based on the market price, taking into account the characteristics of the equipment to be appraised and the information collected, the replacement cost approach is primarily adopted in the valuation.

The replacement cost approach is an asset valuation method that takes the full cost of reacquiring or constructing the appraised asset in its new condition, less the physical, functional, and economic obsolescence that has occurred on the appraised asset, and uses the difference as the appraised value of the appraised asset.

The appraised value can also be determined using the replacement cost approach by first estimating the newness of the asset being appraised as compared to its new condition, i.e. by identifying the newness rate, and then the product of multiplying the full cost and the newness rate would be regarded as the appraised value.

Formula: Appraised value = replacement cost x newness rate

③ Valuation result and analysis

The valuation results of the equipment assets within the scope of valuation are set out in detail in the following table:

Summary of result of the valuation of equipment assets

Unit: RMB

Item	Carrying value		Appraised value		Appreciation rate %	
	Original value	Net value	Original value	Item value	Original value	Net value
Total for equipment	244,946,908.07	205,800,829.62	250,301,531.12	226,517,922.00	2.19	10.07
Machinery and equipment	195,433,292.57	178,775,445.59	207,468,560.00	195,478,322.00	6.16	9.34
Vehicles	8,532,735.40	4,759,745.65	8,564,600.00	7,441,578.00	0.37	56.34
Electronic devices	40,980,880.10	22,265,638.38	34,268,371.12	23,598,022.00	-16.38	5.98

Analysis on reasons for appreciation or depreciation in valuation

- A. The appreciation in original value for the valuation of machinery and equipment was mainly due to price movements of some equipment and a reasonable cost of funds is considered in the replacement cost, resulted in the appreciation in original valuation. Due to the appreciation in original value for the valuation, as well as the fact that the economic useful life of certain equipment was longer than the accounting depreciation term of the company, there was appreciation in net value for valuation.
- B. The appreciation in original value for the valuation of vehicles was mainly due to fluctuation in vehicle market prices. As the economic useful life of vehicles was longer than the accounting depreciation term of the company, there was appreciation in net value for valuation.
- C. The depreciation in original value for the valuation of electronic devices was mainly due to the decline in electronic device prices, as well as the fact that certain electronic devices were appraised at second-hand price. As the economic useful life of electronic devices was longer than the accounting depreciation term of the company, there was appreciation in net value for valuation.

(3) *Construction in progress*

① Scope of valuation

The carrying value of construction in progress included in the scope of valuation was RMB31,652,655,647.53, which included, among others, preliminary preparation engineering fees, project construction fees, project construction management fees, survey design and technical service fees, interest expenses for construction period.

CGN Zhejiang San'ao Nuclear Power Plant* is located at Xiaguan Township, Cangnan County, Wenzhou City, Zhejiang Province, on which 6 generation units of million kilowatts are planned to be constructed, 2 sets of Hualong One nuclear power generation units will be constructed in Phase I with an installed capacity of 1208 megawatts per generation unit, which is constructed and operated by CGN Cangnan Nuclear Power Co., Ltd.* and known as Zhejiang San'ao Nuclear Power Station Phase I Project*.

② Valuation method

As of the Valuation Benchmark Date, the construction in progress included in the scope of valuation includes various upfront cost, project commencement fee, construction fee and administrative fee etc. The asset valuer verifies the composition of carrying value through communication with officers from financial, investment and engineering departments of the appraised entity, and review of relevant accounting books, certificates, contracts, payment

invoices and other information. Taking into account the characteristics of construction in progress under this project, in order to avoid asset measurement repetition and asset value omission, based on various information collected, the valuer has analyzed specific conditions of various construction in progress, and adopted the following valuation methods:

In respect of construction in progress, the appraised entity is unable to accurately distinguish the book values of each ongoing subitems, and the engineering cost of subitems cannot be individually re-calculated under the valuation;

Due to the long construction period of nuclear power projects, the contractor usually takes into account inflation when entering into construction contract with enterprise. Hence, the progress payment has already reflected the impacts of price fluctuation on engineering cost. Consequently, based on the principle of prudence, the appraised value for construction in progress is determined at the recalculated fund cost with verified actual payment as estimation basis.

③ Valuation result and analysis

Valuation result is set out in table below:

Summary of result of the valuation of construction in progress

Unit: RMB

Item	Carrying value	Appraised value	Appreciation or depreciation	Appreciation rate
Construction in progress	31,652,655,647.53	33,527,795,637.89	1,875,139,990.36	5.92%
Total	31,652,655,647.53	33,527,795,637.89	1,875,139,990.36	5.92%

Analysis on reasons for appreciation or depreciation in valuation

The reason is this valuation has re-estimated various fund cost corresponding to the reasonable expenses of construction in progress at reasonable work schedule and interest rate.

(4) Description of valuation of right-of-use assets

The carrying value of right-of-use assets is RMB62,395,438.15, which accounted for warehouses and temporary land leased by the appraised entity through long-term leases.

The appraised value of the right-of-use assets is RMB62,395,438.15, without appreciation nor depreciation in valuation.

(5) *Technical description of valuation of land use right*

① Scope of valuation

As of the Valuation Benchmark Date, a total of 7 parcels of land within the scope of valuation were acquired through grant and allocation. The parcels of land involved in this valuation are legally owned by CGN Cangnan Nuclear Power Co., Ltd.*, with specific information provided as follows:

No.	Certificate no.	Parcel name	Original carrying value (RMB)	Carrying value (RMB)	Area (m ²)
1	Cangnan County Real Estate Title Certificate Zhe [2021] No. 0032275	Land Use Right for Transportation and Transport Land – Access Road	31,914,693.66	28,776,415.22	37,655.00
2	Cangnan County Real Estate Title Certificate Zhe [2022] No. 0016249	Green Energy Town C-27	34,975,210.88	32,760,114.12	41,256.00
3	Cangnan County Real Estate Title Certificate Zhe [2022] No. 0016250	Green Energy Town C-29a	33,603,534.25	31,475,310.43	39,638.00
4	Cangnan County Real Estate Title Certificate Zhe [2022] No. 0016251	Green Energy Town C-40a	18,282,804.87	17,124,893.95	21,566.00
5	Cangnan County Real Estate Title Certificate Zhe [2023] No. 0020162	Land Use Right of the Main Plant Site	468,523,425.32	448,220,743.44	552,796.00
6	Cangnan County Real Estate Title Certificate Zhe [2023] No. 0027272	Land Use Right of San'ao Nuclear Power Plant Environmental Monitoring Frontier Station	3,790,800.00	3,790,800.00	4,212.00
7	Cangnan County Real Estate Title Certificate Zhe [2024] No. 0008003	Land Use Right of the Emergency Command Center	–	–	2,255.00

Parcel 1: Parcel 1 to be appraised has obtained the Real Estate Title Certificate (certificate number: Cangnan County Real Estate Title Certificate Zhe [2021] No. 0032275). The title holder and user is CGN Cangnan Nuclear Power Co., Ltd.*. The registered area is 37,655.00 m². The land tenure is granted, and the land use is transportation land. The land use right was acquired on November 20, 2020, and will expire on November 19, 2070. As of the Valuation Benchmark Date, the remaining term of use is 45.17 years. The land development level is “completion of ground leveling and access to water, electricity, telecommunication, road and sewage.”

Parcel 2: Parcel 2 to be appraised has obtained the Real Estate Title Certificate (certificate number: Cangnan County Real Estate Title Certificate Zhe [2022] No. 0016249). The title holder and user is CGN Cangnan Nuclear Power Co., Ltd.*. The registered area is 41,256.00 m². The land tenure is granted, and the land use is industrial land. The land use right was acquired on August 4, 2022, and will expire on August 3, 2072. As of the Valuation Benchmark Date, the remaining term of use is 46.87 years. The land development level is “completion of ground leveling and access to water, electricity, telecommunication, road and sewage.”

Parcel 3: Parcel 3 to be appraised has obtained the Real Estate Title Certificate (certificate number: Cangnan County Real Estate Title Certificate Zhe [2022] No. 0016250). The title holder and user is CGN Cangnan Nuclear Power Co., Ltd.*. The registered area is 39,638.00 m². The land tenure is granted, and the land use is industrial land. The land use right was acquired on August 4, 2022, and will expire on August 3, 2072. As of the Valuation Benchmark Date, the remaining term of use is 46.87 years. The land development level is “completion of ground leveling and access to water, electricity, telecommunication, road and sewage.”

Parcel 4: Parcel 4 to be appraised has obtained the Real Estate Title Certificate (certificate number: Cangnan County Real Estate Title Certificate Zhe [2022] No. 0016251). The title holder and user is CGN Cangnan Nuclear Power Co., Ltd.*. The registered area is 21,566.00 m². The land tenure is granted, and the land use is industrial land. The land use right was acquired on August 4, 2022, and will expire on August 3, 2072. As of the Valuation Benchmark Date, the remaining term of use is 46.84 years. The land development level is “completion of ground leveling and access to water, electricity, telecommunication, road and sewage.”

Parcel 5: Parcel 5 to be appraised has obtained the Real Estate Title Certificate (certificate number: Cangnan County Real Estate Title Certificate Zhe [2023] No. 0020162). The title holder and user is CGN Cangnan Nuclear Power Co., Ltd.*. The registered area is 552,796.00 m². The land tenure is granted, and the land use is industrial land. The land use right was acquired on August 16, 2023, and will expire on August 15, 2073. As of the Valuation Benchmark Date, the remaining term of use is 47.91 years. The land development level is “completion of ground leveling and access to water, electricity, telecommunication, road and sewage.”

Parcel 6: Parcel 6 to be appraised has obtained the Real Estate Title Certificate (certificate number: Cangnan County Real Estate Title Certificate Zhe [2023] No. 0027272). The title holder and user is CGN Cangnan Nuclear Power Co., Ltd.*. The registered area is 4,212.00 m². The land tenure is allocated, and the land use is land for scientific research. The land development level is “completion of ground leveling and access to water, electricity, telecommunication, road and sewage.”

Parcel 7: Parcel 7 to be appraised has obtained the Real Estate Title Certificate (certificate number: Cangnan County Real Estate Title Certificate Zhe [2024] No. 0008003). The title holder and user is CGN Cangnan Nuclear Power Co., Ltd.*. The registered area is 2,255.00 m². The land tenure is allocated, and the land use is land for public utilities. The land development level is “completion of ground leveling and access to water, electricity, telecommunication, road and sewage.”

As of the Valuation Benchmark Date, no encumbrances were identified on the subject parcels.

② Valuation method

The common valuation methods for land use right include market comparison approach, income capitalization approach, hypothetical development approach, cost approximation approach and benchmark land premium coefficient modification etc. On the basis of on-site inspection and relevant market research, taking into account the location of land to be appraised, land usage, usage conditions, local land market, available information and the applicability of relevant valuation methods, the valuers have adopted the cost approximation approach for Parcels 1 to 5, the market comparison approach for Parcel 6, and incorporated Parcel 7 into the valuation of the “construction in progress.”

③ Valuation result and analysis

For parcels valued using the cost approximation approach, the appraised value of the land use right is determined by the results of the cost approximation approach; for parcels valued using the market comparison approach, the appraised value is determined by the results of the market comparison approach.

Summary of result of the valuation of land use right

Unit: RMB

Item	Carrying value	Appraised value	Appreciation or depreciation	Appreciation rate
Land use right	562,148,277.16	790,421,767.00	228,273,489.84	40.61%
Total	562,148,277.16	790,421,767.00	228,273,489.84	40.61%

Analysis on reasons for appreciation or depreciation in valuation

Reason for appreciation in land use right: early acquisition of the parcels to be appraised coupled with the gradual increase in market prices and land expropriation compensation standards, resulting in appreciation in land use right.

(6) *Technical description of valuation of sea area use right*

① Scope of valuation

A total of 6 sea area use rights are included in the scope of valuation, with carrying value of RMB26,770,497.76, and located in sea area near San'ao Village in Xiaguan Town, Cangnan County, Wenzhou City, Zhejiang Province. The types of sea use right are industrial use/power industry use. The sea use patterns include construction land reclamation, harbor port, port basin, permeable structure, non-permeable structure, water intake, and water discharge etc.

② Valuation method

In accordance with the Technical Specification for Sea Area Price Assessment (HY/T 0288-2020) and the Notice on Issuing the Guidelines for Sea Area Valuation Techniques (Guo Hai Guan Zi [2013] No. 708), the principles to be complied when assessing sea area prices include the principle of anticipated revenue, the principle of most effective usage, the principle of substitution, the principle of market supply and demand, and the principle of contribution. Based on the characteristics of the subject sea area and the purpose of the valuation, the appropriate method will be selected. The common valuation methods for sea area price include income capitalization approach, cost approximation approach, residual approach and market comparison approach.

At present, the trading market for sea area use right in Cangnan County is immature. As it is lack of recent transaction cases in relation to sea area use right of the same type of sea area as the appraised subject within the supply-demand zone, market comparison approach is inappropriate for valuation. As the sea area to be appraised is for industrial use and cannot generate income separately, both income capitalization approach and residual approach are inappropriate for valuation. Upon inspection, it is understood that the acquisition cost and various expenses for the sea area to be appraised can be obtained in a reasonable way. Hence, the cost approximation approach is suitable for the valuation. Based on the above analysis, the valuer adopts cost approximation approach for the valuation of sea area use right.

③ Valuation result and analysis

Summary of result of the valuation of sea area use rights

Unit: RMB

Item	Carrying value	Appraised value	Appreciation or depreciation	Appreciation rate
Sea area use right	26,770,497.76	30,831,700.00	4,061,202.24	15.17%
Total	26,770,497.76	30,831,700.00	4,061,202.24	15.17%

Analysis on reasons for appreciation or depreciation in valuation

Reasons for appreciation in valuation: The original carrying value of sea area use right refers to the one-off royalties for sea area use. During valuation, the valuer has appraised the interests for sea area development, profit for sea area development and value-added income with reference to the Technical Specification for Sea Area Price Assessment (HY/T 0288-2020), resulting in appreciation in valuation.

(7) *Technical description of valuation of intangible assets – other intangible assets*

① Scope of valuation

A. Intangible assets – Software

Intangible assets – others as reported by the company include: a total of 2 purchased software, namely Intelligent Evaluation System for Nuclear Power Plant Radiographic Films and Private Cloud Disk, with carrying value of RMB1,697,373.28.

B. Intangible assets – Intellectual properties

The intellectual properties reported by the company that included in the scope of valuation include 22 patent rights, 3 software copyrights and 2 copyrights. Relevant R&D costs are recorded under construction in progress and cannot be separated. Hence, such patent rights, software copyrights and copyrights under other intangible assets do not have carrying value.

② Valuation method

A. Intangible assets – Software

For purchased software, valuation is conducted using market approach based on relevant conditions such as characteristics of other intangible assets, type of appraised value and information availability etc.

B. Intangible assets – Intellectual properties

Intellectual properties refer to technology invented and developed under the leadership of the project company. Expenses on relevant matters are not calculated separately, included in the carrying value of construction in progress, and cannot be separated from historical costs. Hence, cost approach has been adopted for the valuation of intangible assets – intellectual properties based on the actual condition of the project, i.e. value of intellectual property shall be deemed as equivalent to its R&D cost, with value included in construction in progress.

③ Valuation result and analysis

The appraised value of intangible assets – other intangible assets declared by the enterprise was RMB2,004,241.61, with appreciation of RMB306,868.33 in valuation, representing an appreciation rate of 18.08%. Appreciation in valuation was due to the fact that the prevailing market price of software was higher than the carrying value.

(8) Technical description of valuation of long-term deferred expenses

The original carrying value of the long-term deferred expenses on the Valuation Benchmark Date was RMB726,813,333.34, and the carrying value was RMB494,806,004.74. It mainly carried out valuation on the road construction costs incurred due to the cooperation between the enterprises and the Cangnan County People's Government for the construction of National Road 228 and Lingsha Highway, as well as the cost of water supply projects for maintaining water supply.

The appraised value of long-term deferred expenses was RMB494,806,004.74, without appreciation nor depreciation in valuation.

(9) Description of valuation of other non-current assets

The carrying value of other non-current assets included in the scope of valuation was RMB5,153,282,429.94, which included reclassified prepayment for construction and equipment, input tax to be credited, etc.

The appraised value of other non-current assets was RMB5,153,282,429.94, without appreciation nor depreciation in valuation.

3. Description of valuation of current liabilities

Current liabilities included in the scope of valuation include: short-term borrowings, accounts payable, employee benefits payable, taxes payable, other payables, and non-current liabilities due within one year. The carrying value of the abovementioned liabilities as at the Valuation Benchmark Date is set out in table below:

Unit: RMB

Item	Carrying value
Short-term borrowings	410,240,305.56
Accounts payable	281,720,619.78
Employee benefits payable	6,061,959.75
Taxes payable	1,369,583.89
Other payables	1,943,125.82
Non-current liabilities due within one year	855,570,660.08
Total current liabilities	1,556,906,254.88

On the basis of liabilities actually assumed by the appraised entity as at the Valuation Benchmark Date as the appraised value of liabilities, the appraised value of current liabilities was RMB1,556,906,254.88, without appreciation nor depreciation in valuation.

4. Description of valuation of non-current liabilities

Non-current liabilities included in the scope of valuation include: long-term borrowings and lease liabilities. The carrying value of the abovementioned liabilities as at the Valuation Benchmark Date is set out in table below:

Item	Carrying value
Long-term borrowings	28,937,550,318.05
Lease liabilities	1,109,763.19
Total non – current liabilities	28,938,660,081.24

(1) Long-term borrowings

The carrying value of the long-term borrowings on the Valuation Benchmark Date was RMB28,937,550,318.05. Items under valuation refer to various borrowings with a term of more than one year (exclusive) borrowed by the appraised entities from, among others, CGN Finance Co., Ltd. (中廣核財務有限責任公司), Cangnan County Sub-branch of Agricultural Bank of China Limited, Zhejiang Province branch of Export-Import Bank of China, Cangnan County Sub-branch of China Construction Bank Corporation.

The appraised value of long-term borrowings was RMB28,937,550,318.05, without appreciation nor depreciation in valuation.

(2) *Lease liabilities*

The carrying value of the lease liabilities on the Valuation Benchmark Date was RMB1,109,763.19. Items under valuation refer to the lease liabilities of the appraised entity.

The appraised value of lease liabilities was RMB1,109,763.19, without appreciation nor depreciation in valuation.

(II) Technical Description of Valuation with Income Approach

1. *Preconditions and reasons for adopting the income approach*

(1) *Definition and principle of the income approach*

The income approach refers to a valuation method that discounts the estimation of the expected future income of the appraised entity into present value to determine the value of the appraised entity. Its basic idea is to derive an appraised value by estimating the expected income of an asset in the future and discounting it to present value at an appropriate discount rate.

(2) *Preconditions for adopting the income approach*

The enterprise has the basis and conditions for continuous operation. There is a stable relationship between operation and income in the asset. The future income and risks are predictable and quantifiable.

(3) *Reasons and basis for adopting the income approach*

The operating conditions of the appraised entity met the preconditions for the adoption of the income approach and possessed the basis for calculation using the income approach. The income and risks of the appraised entity in future years were able to be reliably estimated and the income period be determined. Therefore, the income approach was eligible to be selected for this valuation.

The valuer conducted income forecasts and determined various parameters based on the historical income in recent years, the market trends on the Valuation Benchmark Date of the appraised entity and during the forecast period, and performed estimation and calculation.

2. Calculation in Valuation and Process of Analysis

(1) Selection of income model

The discounted cash flow method (DCF) under the income method is adopted to indirectly acquire the value of total equity interests of shareholders through valuating the overall value of the enterprise. The enterprise free cash flow discount model is adopted to determine the value of operating assets, that is, the value is calculated based on the enterprise free cash flow for several years in the future, discounting at appropriate discount rate and adding the sum. The formula is as follows:

Value of the entire equity interests of shareholders = overall enterprise value – value of interest-bearing debts

Overall enterprise value = value of operating assets + value of non-operating assets + value of surplus assets – value of non-operating liabilities

Interest-bearing debts refer to the liabilities on which the appraised entity is required to pay interest as at the Valuation Benchmark Date, including non-current liabilities and long-term borrowings due within one year.

The verified carrying value of the interest-bearing debts was adopted as the appraised value.

① Value of operating assets

Operating assets refer to those assets and liabilities that are related to the production and operation of the appraised entity and are included in the free cash flow forecast of the enterprise after the Valuation Benchmark Date.

The value of operating assets is calculated as follows:

$$P = \sum_{i=1}^n \frac{F_i}{(1+r)^i}$$

Where: P: Value of operating assets of the enterprise as at the Valuation Benchmark Date;

Fi: Expected enterprise free cash flow in the i year after the Valuation Benchmark Date;

r: Discount rate (herein refers to the weighted average capital costs, or WACC);

n: Detailed forecast period;

i: Year i of the detailed forecast period;

Among which, enterprise free cash flow = net profit after taxation + depreciation and amortization + interest on interest-bearing debts (after tax) + corresponding finance expense on costs of abandoning assets (after tax) – capital expenditure – net increase of working capital + input value-added tax to be credited + asset recoverable amount as at the end of the period.

The discount rate is determined by adopting the weighted average capital costs (WACC) model.

The cost of equity capital (Ke) is determined by adopting the capital asset pricing model (CAPM).

② Value of non-operating assets and liabilities

Non-operating assets and liabilities refer to those assets and liabilities that are not related to the production and operation of the appraised entity and are not included in the free cash flow forecast of the enterprise after the Valuation Benchmark Date. This valuation mainly used an appropriate approach to conduct separate analysis and valuation of non-operating assets and liabilities.

③ Value of surplus assets

Surplus assets refer to those assets that exceed the normal operational requirements of the enterprise as at the Valuation Benchmark Date and are not included in the free cash flow forecast of the enterprise after the Valuation Benchmark Date. Based on the analysis, no surplus assets were identified in the appraised entity in this valuation.

(2) *Determination of principal parameters*

① Determination of income period and forecast period

A. Determination of income period

The income period defines the time frame for the expected future income of the appraised entity. It refers to the period during which the assets are active, that is, the interval from the date on which the enterprise generates income to the date on which the enterprise no longer receives income.

For nuclear power enterprises, as generating units are subject to archival disposition upon decommissioning, the income period is determined based on the designed useful life of the generating unit. According to the Feasibility Study Report on Phase I Construction of CGN Zhejiang San'ao Nuclear Power Plant* issued by China Nuclear Power Design Co., Ltd. (Shenzhen) (深圳中廣核工程設計有限公司), Phase I Construction of CGN Zhejiang San'ao Nuclear Power Plant* (Unit 1 and Unit 2) adopts the third-generation PWR nuclear technology domestically developed in China, i.e. the Hualong One upon integration with Hualong PWR, with a designed useful life of 60 years. Hence, the income period for valuation of Cangnan Nuclear Power is 60 years.

B. Determination of forecast period

Cangnan Nuclear Power is a nuclear power company, and the forecast period will be ended by the end of operation period of generating units. Based on the current construction progress, the appraised entity expects Unit 1 and Unit 2 of San'ao Nuclear Power to be put into commercial operation by March 31, 2026 and March 31, 2027, respectively. Hence, the forecast periods for Unit 1 and Unit 2 are determined to be March 31, 2086 and March 31, 2087, respectively.

② Forecast of operating income

Operating income of Cangnan Nuclear Power refers to sales revenue of electricity. Basic formula for calculation of sales revenue of electricity is as follows:

Sales revenue of electricity = on-grid power generation × power tariff (tax exclusive)

Among which: On-grid power generation = power generation × (1 – electricity consumption of power generation plants)

Power generation = installed capacity × facility power generation hours for the period

A. Installed capacity

In respect of installed capacity, as at the Valuation Benchmark Date, the single installed capacity of Cangnan Nuclear Power is 1.208 GW, while the total installed capacity is 2*1.208 GW, i.e. 2.416 GW. The installed capacity of project construction is in line with the designed capacity as stipulated in the Feasibility Study Report. This valuation uses the total installed capacity of Unit 1 and Unit 2 of 2.416 GW as the estimation basis.

B. Power generation hours

Over the years, the developed generating units within CGN Group have achieved utilization hours of more than 8,000 hours, even the lower performers reached about 7,400 hours, with an average exceeding 7,900 hours, which was higher than the average level of 7,700 hours among all generating units in operation across China, and the generating units in operation in Zhejiang have achieved average utilization hours of around 8,000 hours. As a clean energy source, nuclear power enjoys on-grid priority over coal-fired generation in China. To ensure safe operation, nuclear power plants are increasingly trading price for volume through market transactions. With the gradual liberalization of the electricity market, nuclear participation in such trading is expected to further expand. In addition, given that Zhejiang, where the Cangnan Nuclear Power Plant is located, faces a significant power supply shortfall and that electricity demand is

rising year by year, the utilization hours are expected to increase steadily. On a conservative basis, this valuation takes reference to the average power generation hours of generating units in operation within the Group in the past three years and the average power generation hours of generating units in operation in Zhejiang in the past six years, together with the market demand in the region where the Cangnan Nuclear Power Plant is located and annual power generation hours of 8,000 hours as the estimation basis.

C. Electricity consumption rate of power generation plants

According to the electricity consumption rate of generating units within CGN Group over the past three years provided by the client and the appraised entity, the electricity consumption rate of power plants ranged from 4.3% to 6.9%, with an average of 5.57% over the past three years. The average value of generating units within the whole plant is representative data. This valuation takes reference to the average electricity consumption rate of generating units in operation within the Group of 5.57% in the past three years as the estimation basis.

D. Time for official commercial operation

According to the construction plan of the project company, Unit 1 is conservatively expected to put into production on March 31, 2026, while Unit 2 is conservatively expected to put into production on March 31, 2027. At present, the project construction is progressing normally.

E. On-grid tariff

China's nuclear on-grid tariff regime has evolved through several stages and is now based on a dual-track system: "protected on-grid electricity" is settled at the government-approved tariff for each unit, while "market-based on-grid electricity" is priced through competitive power market transactions. As guaranteed-volume quotas vary by nuclear plants, the proportion of market-traded power differs widely. In addition, market prices have been volatile over the year. As the future rate of market-based transaction of commercial generating units in operation and future market tariff cannot be accurately estimated, based on the tariff stipulated in the Notice on Issues Concerning Improving the Mechanism for Nuclear Power On-Grid Tariffs (NDRC Price [2013] No. 1130)(《關於完善核電上網電價機制有關問題的通知》(發改價格[2013]1130號)) issued by the National Development and Reform Commission on June 15, 2013, taking into account the expectations on future electricity market and relevant policies, Cangnan Nuclear Power has estimated that the comprehensive on-grid tariff in the future will be RMB0.3675/kWh (excluding tax). This valuation has made estimation with reference to such tariff.

F. Expenses on the two rules and supplementary services

Expenses on the two rules and supplementary services for future forecast years are estimated based on the average expenses on the two rules and supplementary services of generating units in operation within CGN Group for the past three years of 4%/kWh (tax excluded) as provided by the client and the appraised entity.

G. Forecast of sales revenue of electricity of Cangnan Nuclear Power for future years

Sales revenue = on-grid power generation × (composited on-grid tariff (tax exclusive) – expenses on the two rules and supplementary services)

③ Forecast of operating costs

It is expected that the major operating costs of Cangnan Nuclear Power upon the commencement of production will include nuclear fuelling costs, spent fuel management costs, labour costs, depreciation and amortization, outage costs, material costs, low and medium level radioactive waste management costs, nuclear emergency costs, insurance premiums, administrative management expenses, and other expenses on ordinary operations. The forecast in this valuation is conducted based on the Feasibility Study Report, as well as the annual operating cost information of similar developed nuclear power generating plant projects as provided by the client and the appraised entity.

④ Forecast of revenue from other business operations and other costs of business operations

As communicated with the management of the appraised entity, it is expected that there will be no other business to be conducted by the enterprise in the future. Revenue from other business operations and other costs of business operations will no longer be individually estimated in this valuation.

⑤ Forecast of taxes and surcharges

Taxes and surcharges of Cangnan Nuclear Power primarily include urban maintenance surcharges, education surcharges, local education surcharges, stamp duty, real estate tax and land use tax etc. The tax base for urban maintenance surcharges, education surcharges and local education surcharges is value-added tax amount. Among which, the tax rate for urban maintenance surcharges, education surcharges and local education surcharges is 5%, 3% and 2%, respectively. Stamp duty is calculated at 0.03% of the contracted amount. Real estate tax and land use tax are accrued at RMB30,000,000 per year based on the company's estimation. Value-added tax payable is calculated based on the estimated operating revenue and operating costs of the enterprise in future years, and the operating taxes and surcharges of the enterprise for future years are estimated on such basis.

- ⑥ Forecast of selling expenses, administrative expenses and research and development expenses

The selling expenses, administrative expenses and research and development expenses of the project company are all included in operating costs. This valuation does not separately forecast selling expenses, administrative expenses and research and development expenses.

- ⑦ Forecast of finance costs

A. Financial costs from project loans

Based on the Feasibility Study Report and the planning of the project company, the total planned borrowing amount for the project is RMB34,051.150 million. Principal repayments are scheduled to commence in 2029, with a repayment period of approximately 22 years, and the principal is expected to be fully repaid by 2050. For this valuation, interest is calculated using the LPR rate of 3.50% as at the benchmark date.

B. Financial costs from cost of decommissioning of nuclear power facilities

In accordance with the project investment evaluation indicators of CGN Group, the cost of decommissioning of nuclear power facilities is calculated as 10% of the original value (as-built price) of the nuclear power fixed assets as the terminal value of the decommissioned assets, and the present value at the time of commissioning is calculated using a discount rate (7.7% for second-generation nuclear power units and 6.5% for third-generation nuclear power units) as the present value of the decommissioned assets. Thereafter, depreciation is accrued over the operation period based on the present value, with a residual value of 0.

In the first year of operation of the power station, the same amount is recognized in the “provisions” item. The provision is then increased annually by interest calculated at a rate (7.7% for second-generation nuclear power units and 6.5% for third-generation nuclear power units) until the final year of operation. The interest accrued on provisions is recorded as financial costs of the company.

After the end of the operation period, the cash outflow for decommissioning payment occurs. The provision is reduced by the same amount as the principal repayment. After the repayment is completed, the provision balance becomes zero.

⑧ Forecast of other gains

According to the provisions of the Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Tax Policies for the Nuclear Power Industry (《財政部國家稅務總局關於核電行業稅收政策有關問題的通知》) (Cai Shui [2008] No. 38) and the Announcement of the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on Adjusting Value-Added Tax Policies for Wind Power Generation and Other Industries (《財政部海關總署稅務總署關於調整風力發電等增值稅政策的公告》) (Announcement No. 10 of 2025), the relevant value-added tax provisions under the Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Tax Policies for the Nuclear Power Industry (《財政部國家稅務總局關於核電行業稅收政策有關問題的通知》) (Cai Shui [2008] No. 38) shall continue to be applicable the nuclear power generating units that have officially commenced commercial operation prior to October 31, 2025; for nuclear power generating units that have been approved by the State Council prior to October 31, 2025 but have not yet officially commenced commercial operation, production and sales of power products by nuclear power generation enterprises shall all be entitled to the “levy first, refund later” value-added tax policy within 10 years from the month after the official commencement of commercial production with the refund ratio of 50% of deposited tax. Other value-added tax provisions shall continue to be implemented in accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Tax Policies for the Nuclear Power Industry (《財政部國家稅務總局關於核電行業稅收政策有關問題的通知》) (Cai Shui [2008] No. 38). For nuclear power generating units approved after November 1, 2025, the “levy first, refund later” value-added tax policy shall no longer be applicable.

Phase I Construction of the Zhejiang San’ao Nuclear Power Plant (Unit 1 and 2), constructed and operated by Cangnan Nuclear Power is a nuclear power generating unit that has been approved by the State Council prior to October 31, 2025 but has not yet officially commenced commercial operation. As such, the production and sale of power products by the nuclear power generation enterprises shall be entitled to the “levy first, refund later” value-added tax policy within 10 years from the month after the official commencement of commercial production with the refund ratio of 50% of deposited tax.

For nuclear power generation enterprises, the value-added tax refunds are calculated separately for each nuclear power generating unit, and the enterprises shall calculate the sales volume of power products of their nuclear power generating units separately. Accordingly, based on the construction progress of the project company, Unit 1 will be entitled to such tax refund policy commencing from April 1, 2026; and Unit 2 will be entitled to such tax refund policy commencing from April 1, 2027. Taking into account the same installed capacity of both units, the value-added tax attributable to each unit is assumed to be identical in this valuation. The value-added tax may be apportioned equally based on their respective time of commencement of operation, and the refund amount for each unit shall be calculated accordingly.

⑨ Forecast of income tax

Pursuant to the Notice of the Ministry of Finance and State Administration of Taxation on Issues Relevant to Implementation of the List of Public Infrastructure Projects Enjoying Enterprise Income Tax Preferences (Cai Shui [2008] No. 46), the Notice of the State Administration of Taxation on the Implementation of Enterprise Income Tax Preferential Policies for Public Infrastructure Projects Supported by the State (Guo Shui Fa [2009] No. 80) and the Supplementary Notice of the Ministry of Finance and State Administration of Taxation on the Preferential Enterprise Income Tax Policies for Public Infrastructure Projects (Cai Shui [2014] No. 55), for the approved public infrastructure projects after January 1, 2008, the income derived from their investment and operation shall be exempted from enterprise income tax for the first three years, starting from the tax year in which the project generates revenue from production and operation for the first time. From the fourth to the sixth year, enterprise income tax shall be levied at half the applicable rate. For subsequent periods, enterprise income tax shall be calculated at the applicable tax rate for the enterprise.

The appraised entity is entitled to the preferential enterprise income tax incentives of three years of exemption and three years of reduction by half starting from the year of commencement of production. The tax incentives are calculated separately for each nuclear power generating unit. In particular, Unit 1 shall enjoy the preferential income tax policy from January 1, 2026, while Unit 2 shall enjoy the preferential income tax policy from January 1, 2027. Taking into account the same installed capacity of both units, the enterprise income tax attributable to each unit is assumed to be identical in this valuation. The income tax may be apportioned equally based on their respective time of commencement of operation, and the incentive amount for each unit shall be calculated accordingly.

⑩ Forecast of depreciation and amortization

The forecast of depreciation and amortization is primarily based on the existing asset size of the enterprise, taking into account the additional capital expenditures after the Valuation Benchmark Date. The future depreciation and amortization amounts during the future operation period are estimated in accordance with the depreciation and amortization policies for fixed assets of the enterprise.

Cangnan Nuclear Power is still in the investment and construction phase. After the facilities under investment and construction reach their intended conditions of use, the company will classify the invested and constructed assets based on asset categories, which are broadly categorized as nuclear islands – machinery, nuclear islands – electricity, nuclear islands – instruments, nuclear islands – buildings and structures, conventional islands and auxiliary systems – machinery, conventional islands and auxiliary systems – electricity, conventional islands and auxiliary systems – instruments, conventional islands and auxiliary systems – buildings and structures, land use rights and sea area use rights, two-thirds of the initial nuclear fuelling costs, and cost of decommissioning of nuclear power facilities, etc. The depreciation and amortization amounts for future years will be calculated based on the specific

characteristics of the various assets formed from the expected investment and construction. After these assets reach their intended conditions of use, depreciation and amortization will be accrued separately according to different depreciation and amortization methods, depreciation and amortization periods, and residual value rates.

⑪ Forecast of capital expenditures

Based on the going concern assumption, certain capital expenditures shall be taken into account in future years to maintain asset renewal and basic reproduction of the enterprise.

The major capital expenditure items include subsequent project investments and investments renewed during the production period. The timing and amount of expenditures are calculated based on the construction plan and subsequent renewal and renovation plans provided by the enterprise.

The annual capital expenditures required for production renewal during the operation period are forecasted based on the useful life of various assets in the nuclear island, conventional island and BOP (Balance of Plant) facilities. Appropriate adjustments are made as the decommissioning phase approaches.

At the end of the operation period of the project, the nuclear power station will face decommissioning. Decommissioning involves the process of decontamination and dismantlement after commercial operation ends, aiming to achieve unrestricted use of the site. Most components of a nuclear power plant are non-radioactive and can be dismantled using conventional methods. The vast majority of radioactive materials in a nuclear power plant are contained in spent fuel. Spent fuel is transported off-site for disposal prior to or during decommissioning. Radioactive equipment and components in the nuclear island can be decontaminated and dismantled using various technologies and methods. The dismantled radioactive materials are sent to national or regional waste repositories for disposal. For radioactive equipment and components, a considerably long retention period is generally required prior to dismantling to allow for radioactive decay.

⑫ Forecast of increase in working capital

In general, as the enterprise expands the scope or size of its business operations, its normal business credit extended to customers will increase accordingly, along with an increase in the cash balance required to meet its daily operating payments, thereby requiring more working capital. However, the enterprise may also reduce immediate payments by obtaining normal business credit from its suppliers, which correspondingly saves a portion of working capital.

Changes in working capital are a component of cash flow. “Working capital” refers to the difference between “current assets (excluding surplus funds)” required for normal operations and “non-interest-bearing current liabilities”. Interest-bearing current liabilities fall under financing cash flows and do not belong to the scope of “production and operation”, and thus should be deducted from current liabilities.

Annual working capital = (current assets – surplus funds – non-operating current assets) – (current liabilities – short-term borrowings – non-operating current liabilities)

Increase in working capital = working capital amount of the current year – working capital amount of the previous year

Taking into account the characteristics of the nuclear power industry and based on an analysis of various items in the balance sheet of the enterprise, the working capital forecast primarily considered items including monetary funds, accounts receivable, prepayments, inventories and accounts payable in this valuation.

⑬ Determination of recovery of terminal value

The determination of the terminal value of the enterprise primarily considers the recoverable amount of working capital and fixed assets as at the end of the period.

(3) *Determination of discount rate*

① The discount rate model adopted

In accordance with the principle of consistency between income and discount rates, the income for this valuation is based on the free cash flow of the enterprise, and the discount rate is determined using the weighted average cost of capital (WACC) valuation model.

Formula for the WACC model:

$$WACC = K_e \times \frac{E}{D + E} + K_d \times \frac{D}{D + E} \times (1 - T)$$

Where: K_e : cost of equity capital

E: market value of equity

K_d : cost of debt capital

D: market value of the interest-bearing debts

T: income tax rate

- ② The cost of equity capital is calculated by using the capital asset pricing model (CAPM).

Formula for the CAPM model:

$$K_e = R_f + \beta \times ERP + R_c$$

Where: R_f : risk-free interest rate

ERP: equity risk premium

R_c : enterprise-specific risk adjustment coefficient

β : forecasted market risk coefficient of the cost of equity of the appraised entity

- ③ Determination of relevant parameters in the model

A. Selection of comparable companies

As the appraised entity is a profit-making enterprise and is mainly engaged in the electricity production and sales business, we initially adopted the following basic criteria as the selection criteria for screening comparable companies in this valuation:

- a. The comparable companies shall have been profitable in the past two years;
- b. The shares of the comparable companies must have been listed for at least two years;
- c. The comparable companies shall not have B shares, ST shares or BJ-shares;
- d. The comparable companies shall be engaged in or shall be mainly engaged in the electricity production and sales industry, or be subject to the same economic factors, and have been mainly engaged in such industry for at least 2 years.

Based on the aforementioned four principles, we used RoyalFlush iFinD to conduct the screening, and ultimately selected 33 listed companies engaged in the electricity production and supply industry as comparable companies.

For this valuation, the RoyalFlush iFinD system was used to retrieve the stock price volatility of the aforementioned comparable companies and the volatility of the CSI 300 Index. The comparable companies were determined after passing the t-test.

B. Determination of cost of equity capital (Ke)

a. Determination of risk-free rate of return (R_f):

The yield of treasury bonds is usually considered to be risk-free because the risk of holding such bonds that cannot be repaid at maturity is so insignificant that it can be ignored.

This valuation used the yield to maturity of treasury bonds with a remaining term of 10 years or more from the Valuation Benchmark Date to the maturity date of the treasury bonds as the risk-free rate of return, as retrieved from the RoyalFlush iFinD system.

We used the average of the abovementioned yield to maturity of treasury bonds of 2.21% as the risk-free rate of return for this valuation.

b. Determination of market risk coefficient of equity (β):

Based on the business characteristics of the appraised entity, the valuer retrieved the β_L values with financial leverage of 33 comparable A-share listed companies in Shanghai and Shenzhen on September 30, 2025 on the RoyalFlush iFinD system, and subsequently converted them into β_U values without financial leverage based on the income tax rate and capital structure of these comparable listed companies.

Based on the β_U values without financial leverage of multiple comparable listed companies, the average value of 0.4214 was adopted as the β_U value for the appraised entity. The average capital structure of the comparable listed companies, i.e. 94.93%, was used as the target capital structure for the appraised entity. Combined with the income tax rate applicable to the appraised entity during the forecast period (Cangnan Nuclear Power is entitled to the preferential income tax policy of three years of exemption and three years of reduction by half for public infrastructure projects. Accordingly, the enterprise income tax rate is considered to be 0% for 2026 to 2028, 12.5% for 2029 to 2031, and 25% for 2032 and subsequent years), the parameters were substituted into the formula for calculating the equity systematic risk coefficient to calculate the equity system risk coefficient of the appraised entity. The calculation formula is as follows:

$$\beta_L = \beta_U \times [1 + (1 - T) \times \frac{D}{E}]$$

Where: β_L : β coefficient with financial leverage

β_U : β coefficient without financial leverage

T: income tax rate

Since the above process of calculating the β coefficient is based on historical data, the β_U value without financial leverage we have actually estimated is a historical β coefficient rather than a forward-looking expected β coefficient. To estimate the expected future β coefficient, the Blume Adjustment method is applied. The formula is as follows:

$$\beta_{adj} = \frac{2}{3} \times \beta_{unadj} + \frac{1}{3} \times 1$$

Where: β_{adj} : adjusted value, β_{unadj} : historical value.

c. Determination of equity risk premium (ERP):

Equity risk premium refers to the expected excess return required by investors for equity investment with the same overall market average risk, i.e. risk compensation in excess of the risk-free interest rate. In particular, the rate of return on equity investment (R_m) used the RoyalFlush iFinD data terminal to select the CSI 300 Index, the most representative index of the Chinese stock market, and the closing prices (adjusted prices) of the constituent stocks of the CSI 300 Index at different times each year. With a cycle of 10 years, a rolling method was used to estimate the 10-year geometric average return of each of the 300 stocks.

The risk-free rate of return (R_{f1}) was the yield to maturity of treasury bonds. With the RoyalFlush iFinD data terminal, the average yield to maturity of treasury bonds with a remaining term of 10 years or more to maturity at the corresponding time point of each year in the past ten years was selected as the risk-free rate of return.

Based on the above estimates, the equity risk premium (ERP) was 6.72%.

d. Determination of enterprise-specific risk adjustment coefficient (R_c)

Enterprise-specific risk adjustment coefficient refers to the specific risks of an enterprise relative to its industry peers. Key influencing factors include business size, projected operating conditions, stage of project construction, utilization hours of power generation and fluctuation of on-grid tariff, the level of technological advancement and reliability of nuclear power, experience and qualifications of management personnel, policy implications and uncertainties, and financial risks, among others. For this valuation, upon comprehensive consideration of the above factors, the specific risk premium rate was determined as 1.11%.

e. Determination of cost of equity capital

Substituting the above parameters into the formula:

$$K_e = R_f + \beta \times ERP + R_c$$

			2032 and
Year	2025 to 2028	2029 to 2031	subsequent years
K_e	9.29%	9.02%	8.79%

③ Determination of cost of debt capital (K_d)

In this valuation, the cost of debt capital was determined using the five-year loan prime rate (LPR) of 3.50% published by the People's Bank of China as at the Valuation Benchmark Date.

④ Determination of weighted average cost of capital

$$WACC = K_e \times \frac{E}{D + E} + K_d \times \frac{D}{D + E} \times (1 - T)$$

Substituting the parameters as determined above into the formula for weighted average cost of capital, the weighted average cost of capital so calculated for the appraised entity for future years are as follows:

			2032 and
Year	2025 to 2028	2029 to 2031	subsequent years
WACC	6.44%	6.12%	5.79%

3. *Calculation in Valuation and Process of Analysis*

(1) *Determination process of value of operating assets*

Based on the parameters determined by the above analysis and forecast, and by discounting the free cash flow of the enterprise forecasted for each year within the income period, the value of the operating assets of the enterprise were calculated at RMB37,427.0066 million.

(2) *Determination of value of surplus assets*

Surplus assets refer to those assets that exceed the normal operational requirements of the enterprise as at the Valuation Benchmark Date and are not included in the free cash flow forecast of the enterprise after the Valuation Benchmark Date. Based on the verification and analysis, no surplus assets were identified in this valuation.

(3) *Determination of value of non-operating assets and liabilities*

Non-operating assets and liabilities refer to those assets and liabilities that are not related to the production and operation of the appraised entity and are not included in the free cash flow forecast of the enterprise after the Valuation Benchmark Date.

Based on the analysis, the appraised entity is still under project construction, and has not yet officially commenced commercial operation. Therefore, as at the Valuation Benchmark Date, the assets and liabilities of the appraised entity, including monetary funds, other receivables, inventories, fixed assets – 158 properties externally purchased, other non-current assets – prepayment for construction equipment and vehicle acquisition tax, accounts payable, employee compensation payable, taxes payable, other payables, were accounted for as non-operating assets and liabilities and appraised using an appropriate approach. The appraised value of non-operating assets was RMB6,508.6278 million, and the appraised value of non-operating liabilities was RMB291.0953 million.

4. *Appraised Value Calculation Processes and Results*

(1) *Calculation of overall enterprise value*

Overall enterprise value = value of operating assets + value of non-operating assets – value of non-operating liabilities + value of surplus assets

$$= 3,742,700.66 + 650,862.78 - 29,109.53$$

$$= 4,364,453.92 \text{ (in RMB'0,000)}$$

(2) Determination of interest-bearing debts

The interest-bearing debts of the appraised entity included short-term borrowings, long-term borrowings, non-current liabilities due within one year and lease liabilities, which amounted to RMB30,204.471 million upon verification.

(3) Calculation of value of the entire equity interests

Based on the above valuation work, the value of the entire equity interests of CGN Cangnan Nuclear Power Co., Ltd.* was:

Value of the entire equity interests = overall enterprise value – value of interest-bearing debts

$$= 4,364,453.92 - 3,020,447.10$$

$$= 1,344,000.00 \text{ (in RMB'0,000) (rounded to the nearest million)}$$

VII. CONCLUSION AND ANALYSIS OF VALUATION

(I) Conclusion of Valuation

1. Valuation Results by Asset-based Approach

As at the Valuation Benchmark Date, subject to the fulfilment of the valuation assumptions, the asset-based approach was used for valuation. The carrying value of total assets of CGN Cangnan Nuclear Power Co., Ltd.* was RMB41,857.9953 million. The appraised value was RMB44,050.0543 million. The appreciation amount was RMB2,192.059 million and the appreciation rate was 5.24%. The carrying value of total liabilities was RMB30,495.5663 million. The appraised value was RMB30,495.5663 million with no appreciation or depreciation. The carrying value of net assets was RMB11,362.429 million. The appraised value of the entire equity interests was RMB13,554.488 million. The appreciation amount was RMB2,192.059 million and the appreciation rate was 19.29%.

Summary of asset valuation results

Unit: RMB'0,000

Item		Carrying value A	Appraised value B	Appreciation or depreciation C = B-A	Appreciation rate % D = C/A×100
Current assets	1	356,587.20	356,587.20	-	-
Non-current assets	2	3,829,212.33	4,048,418.23	219,205.90	5.72
Including: Fixed assets	3	33,836.76	42,264.51	8,427.75	24.91
Construction in progress	4	3,165,265.57	3,352,779.57	187,514.00	5.92
Right-of-use assets	5	6,239.54	6,239.54	-	-
Intangible assets	6	59,061.62	82,325.77	23,264.15	39.39
Long-term amortisation expenses	7	49,480.60	49,480.60	-	-
Other non-current assets	8	515,328.24	515,328.24	-	-
Total assets	9	4,185,799.53	4,405,005.43	219,205.90	5.24
Current liabilities	10	155,690.62	155,690.62	-	-
Non-current liabilities	11	2,893,866.01	2,893,866.01	-	-
Total liabilities	12	3,049,556.63	3,049,556.63	-	-
Net assets (owner's equity)	13	1,136,242.90	1,355,448.80	219,205.90	19.29

2. Valuation Results by Income Approach

As at the Valuation Benchmark Date, the carrying value of total assets of CGN Cangnan Nuclear Power Co., Ltd.* was RMB41,857.9953 million. The carrying value of total liabilities was RMB30,495.5663 million. The carrying value of net assets was RMB11,362.429 million. Subject to the fulfilment of the valuation assumptions, the appraised value of the entire equity interests obtained by income approach was RMB13,440.00 million. The appreciation amount was RMB2,077.571 million and the appreciation rate was 18.28%.

(II) Determination of Valuation Conclusion**1. Analysis on Difference**

The appraised value of the entire equity interests obtained by income approach was RMB13,440.00 million, while the appraised value of the entire equity interests obtained by asset-based approach was RMB13,554.488 million, between which the difference was RMB114.488 million and the difference rate was 0.84%. The major reasons for the difference between the two valuation approaches are as follows:

Under asset-based approach, the appraised value of an enterprise is determined based on the balance sheet of the enterprise, which may be greatly affected by the asset replacement costs, depreciation status, asset quality and other factors; while under income approach, the value of an enterprise is reflected mainly from the perspective of the net cash flow generated from the operating activities of the enterprise in the future, which may be greatly affected by the future profitability and operational risks of the enterprise. Accordingly, different influencing factors lead to different valuation results.

2. Selection and Rationality Analysis of Valuation Results

CGN Cangnan Nuclear Power Co., Ltd.* as a nuclear energy development project company, is responsible for the development, construction and operation of the Zhejiang San'ao Nuclear Power Phase I Project*. At this stage, the nuclear power project is still in the investment and construction phase, and has not yet officially commenced commercial operation. Through an analysis of the calculation processes of these two approaches and the quality of the parameters adopted, we identified significant uncertainties in the parameters related to the construction, production and economic indicators of such nuclear power project. In particular, the electricity tariff level is heavily influenced by the macroeconomic environment and relevant industry policies in the PRC, and remains subject to potential substantial fluctuations in the foreseeable future, which may lead to considerable uncertainty in the future profitability of such company. When adopting income approach in calculation, the asset valuation professionals conducted a prudent analysis and judgment on factors affecting the future revenue and operational risks of the appraised entity, based on the macroeconomic environment, the market conditions of the industry in which such enterprise operates, and the specific circumstances of the appraised entity. Nevertheless, the aforementioned factors may still have certain impacts on the accuracy of the valuation results obtained by income approach, while the market value of assets is appraised and estimated from the perspective of asset replacement under asset-based approach, which may give an objective reflection of the market value of the enterprise at the current stage.

Under the asset-based approach, the total value of shareholders' equity of CGN Cangnan Nuclear Power Co., Ltd.* as at the Valuation Benchmark Date was RMB13,554.488 million.

As at the Valuation Benchmark Date, the subscribed registered capital of the appraised entity was RMB12,167.5627 million, and the paid-in capital was RMB11,304.0917 million. The registered capital of the appraised entity has not been fully paid up, and the shareholders of the appraised entity are liable to pay the capital contribution of RMB863.471 million in full on schedule. This valuation has not considered the impact of the outstanding payment of the subscribed registered capital, and the valuation conclusion represents the appraised value corresponding to the paid-in capital contribution as at the Valuation Benchmark Date.

If the client wishes to understand how the value of total shareholders' equity is allocated among the respective shareholders in the event that the subscribed registered capital is not fully paid up, such value allocation may be carried out in accordance with the Company Law and the terms stipulated in the articles of association and relevant agreements. In the absence of such stipulations in the relevant documents, reference may be made to the following method for value allocation:

Equity value allocable to a shareholder = (total value of shareholders' equity based on the paid-in progress as at the Valuation Benchmark Date + Amount of capital contribution subscribed but not yet paid up by all shareholders) × subscription proportion of such shareholder – amount of capital contribution subscribed but not yet paid up by such shareholder as at the Valuation Benchmark Date.

**Summary of Asset Valuation Report of
the Proposed Transfer of Equity Interests By China General Nuclear Power
Corporation* Involving Entire Equity Interests of the Shareholders of
CGN Cangnan Second Nuclear Power Co., Ltd.***

Huaya Zhengxin Ping Bao Zi [2026] No. A24-0017

China General Nuclear Power Corporation*:

Beijing Huaya Zhengxin Assets Appraisal Co., Ltd. has accepted the engagement from the Company, and in accordance with the provisions of laws, administrative regulations and asset valuation standards, by adhering to the principles of independence, objectivity and impartiality, adopting the asset-based method and income method and according to the necessary valuation procedure, a valuation has been conducted on the market value of all shareholders' equity of CGN Cangnan Second Nuclear Power Co., Ltd.* as of September 30, 2025 relating to the proposed equity transfer to be carried out by China General Nuclear Power Corporation*. The two asset valuers who signed the report are Liu Yunfei (劉雲飛) (membership number: 41160023) and Zhao Yuanpeng (趙園鵬) (membership number: 41160019). They have been serving at Beijing Huaya Zhengxin Assets Appraisal Co., Ltd. (北京華亞正信資產評估有限公司), and have obtained the professional qualifications as asset valuers and filed with the China Appraisal Society (中國資產評估協會). Save for providing asset valuation services for the Transaction, the asset valuers do not have any connected relationship with any party to the Transaction, nor do they have any actual or expected interest or conflict that would affect their provision of services. Their performance of the Valuation complies with the principles and requirements of objectivity, fairness and independence, and they possess independence. Details of the asset valuation report are set out as follows:

I. BASIC INFORMATION ABOUT THE VALUATION

Purpose of the valuation: China General Nuclear Power Corporation* intends to transfer its equity interests in CGN Cangnan Second Nuclear Power Co., Ltd.*. Hence, the market value of the entire equity interests in CGN Cangnan Second Nuclear Power Co., Ltd.* as at the Valuation Benchmark Date has to be assessed in order to provide value reference for the above economic activity.

Subject of valuation: Entire equity interests in CGN Cangnan Second Nuclear Power Co., Ltd.* as at the Valuation Benchmark Date.

* For identification purpose only

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Scope of valuation: All audited assets and liabilities of CGN Cangnan Second Nuclear Power Co., Ltd.* reported as at the Valuation Benchmark Date include current assets, non-current assets, current liabilities and non-current liabilities.

Valuation Benchmark Date: September 30, 2025.

Type of value: Market value.

II. SCOPE OF WORK

The scope of work of the valuer includes: (1) defining the fundamental engagement matters; (2) entering into an engagement agreement; (3) preparing the valuation work plan; (4) performing on-site investigation; (5) collecting and organizing valuation data; (6) conducting valuation analysis and forming conclusions; (7) preparing and issuing the valuation report.

III. SOURCE OF INFORMATION

In valuing the 100% equity interests in the target company, the valuer has reviewed information obtained from various sources, including but not limited to:

1. Various laws and regulations issued by the PRC;
2. Various valuation standards and valuation guidance opinions issued by the PRC;
3. Information on the future annual operation and development plans, measures, profit forecast and other information as provided by the client and the appraised entity;
4. Financial statements and audit report as at the Valuation Benchmark Date and for prior years as provided by the appraised entity;
5. Other information required for valuation as provided by the client and the appraised entity;
6. Other information about the valuation as recorded and collected by the valuer during on-site inspection.

IV. VALUATION METHODS AND REASONS FOR SELECTION**1. Introduction to Valuation Methods**

Business valuation methods primarily include asset-based approach, income approach and market approach.

The asset-based approach in business valuation refers to the valuation method of determining the value of the appraised entity by reasonably assessing the value of on-balance sheet and identifiable off-balance sheet assets and liabilities on the basis of the balance sheet of the appraised entity at the Valuation Benchmark Date.

Income approach in business valuation refers to the valuation method of determining the value of the appraised entity by capitalizing or discounting the expected income. Common methods used in income approach include dividend discount method and cash flow discount method.

Market approach in business valuation refers to the valuation method of determining the value of the appraised subject by comparing the appraised subject with comparable listed companies or comparable transaction cases. Two common methods used in market approach are listed company comparison method and transaction case comparison method.

2. Selection of Valuation Methods for Subject Asset

According to the Guidelines for the Practice of Asset Appraisal – Business Value, the valuer analyzes the applicability of the three basic valuation methods, namely income approach, market approach and asset-based approach, and select the valuation method based on the purpose of the valuation, valuation subject, type of value, availability of information and other circumstances in performing the business valuation engagement.

Based on the purpose of the valuation, valuation subject, type of value, availability of information and other circumstances, as well as the applicability of the three basic valuation methods, asset-based approach and income approach are selected for the valuation. Reasons for selection of valuation methods are as follows:

Reasons for selecting asset-based approach: Taking into account of the details on various assets and liabilities of the appraised entity obtained in the valuation, the valuer can conduct valuation on various assets and liabilities by adopting appropriate valuation methods, which fulfills the conditions for asset-based valuation. Hence, asset-based approach has been selected for conducting valuation.

Reasons for selecting income approach: CGN Cangnan Second Nuclear Power Co Ltd.* is currently responsible for the development, investment, construction and operation of Zhejiang San'ao Nuclear Power Phase II Project*. Upon investigation on the appraised entity,

it is understood that the construction of the nuclear power project as invested and constructed by the appraised entity was in progress normally. Its future earnings can be estimated and measured in monetary terms, and the risks associated with obtaining those future earnings can also be quantified. Hence, income approach has been selected for conducting valuation.

Reasons for not using market approach: In view of the limited number of comparable listed companies in China's capital markets that are in the same industry as the appraised entity, and given that the appraised entity was still under construction as of the Valuation Benchmark Date, market data on comparable transaction cases could not be obtained. Hence, the objective conditions necessary for adopting the market approach were not met for this valuation.

V. VALUATION ASSUMPTIONS

(I) General Assumptions

1. Transaction assumption: It is assumed that all assets to be appraised have already in the process of transaction and the valuer will carry out the valuation in a simulated market based on the transaction conditions (among others) of the assets to be appraised;
2. Open market assumption: It refers to the fact that the assets can be traded freely in a competitive market where the price is determined by independent buyer-seller valuation judgment on assets under certain supply-demand environment. Open market refers to a competitive market with many buyers and sellers. In this market, the positions of buyers and sellers are equal, and they both have the opportunity and time to obtain sufficient market information. The trading behavior of the buyers and sellers is carried out voluntarily and rationally, rather than under compulsion or unconstrained conditions;
3. It is assumed that there will be no material changes in relevant prevailing laws, regulations and policies of China and its macroeconomic situation. There will be no material changes in the political, economic and social environment of the regions where the parties to this transaction are located;
4. Based on the actual status of the assets on the Valuation Benchmark Date, it is assumed that the appraised entity can continue on an ongoing basis;
5. It is assumed that there will be no material changes in the tax basis and tax rate, policy levies in relation to the appraised entity after the Valuation Benchmark Date;
6. It is assumed that the management of the appraised entity is responsible, stable and capable of performing its duties after the Valuation Benchmark Date;

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7. It is assumed that the appraised entity fully complies with all relevant laws and regulations;
8. It is assumed that there are no force majeure factors and unforeseeable factors that have a significant adverse impact on the appraised entity after the Valuation Benchmark Date.

(II) Special Assumptions

1. It is assumed that the accounting policies adopted by the appraised entity after the Valuation Benchmark Date will remain materially consistent with the those used in the preparation of this valuation report;
2. It is assumed that, after the Valuation Benchmark Date, the business scope and mode of the appraised entity will be consistent with the current status on the basis of the existing management method and management level;
3. It is assumed that the appraised entity will receive an even net cash flow in each year after the Valuation Benchmark Date;
4. It is assumed that all information in relation to the valuation provided by the client and the appraised entity is true, complete and legally valid;
5. It is assumed that the Zhejiang San'ao Nuclear Power Phase II Project* invested and constructed by the valuated entity may be smoothly completed in accordance with the relevant investment plan and construction progress on the benchmark date, and with reference to the Group's operating conditions of the nuclear power generation units adopting Hualong One technology and other technologies and combining with factors such as the latest market conditions, the expected costs and expenses and other economic analysis data of the valuated entity are executed smoothly. The major parameters involved are: Unit 3 starts commercial operation on December 31, 2030 and Unit 4 starts commercial operation on December 31, 2031; commercial operation has a term of 60 years; all generation units have annual power generation hours of not less than 8,000 hours; the on-grid tariffs in the future years will be determined by the expected integrated power tariffs, that is, not less than RMB0.3675/kWh (exclusive of tax);
6. It is assumed that there is no significant difference between the actual investment amount for the construction of Zhejiang San'ao Nuclear Power Phase II Project* and the investment amount used in this valuation.

The valuation conclusion of the valuation report is made based on the above assumptions on the Valuation Benchmark Date.

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VI. TECHNICAL DESCRIPTION OF VALUATION

(I) Technical Description of Valuation with Asset-based Approach

1. Description of Valuation of Current Assets

(1) Scope of valuation

Current assets included in the scope of valuation consist of monetary fund.

(2) Valuation methodology and process

① Monetary funds

Monetary funds consist of bank deposits with carrying value of RMB262,745,298.08.

The appraised value of monetary funds was RMB262,745,298.08, without appreciation nor depreciation in valuation.

(3) Valuation result

The appraised value of current assets was RMB262,745,298.08, without appreciation nor depreciation in valuation.

2. Description of Valuation of Non-current Assets

(1) Technical description of valuation of electronic devices

① Scope of valuation

The equipment assets included in the scope of valuation comprise all the equipment declared by Cangnan Second Nuclear Power as at the Valuation Benchmark Date (i.e September 30 2025), all of which are electronic devices. Below table sets out the carrying values of the equipment assets as at the Valuation Benchmark Date are set out in table below:

Carrying value of equipment assets

Unit of Amount: RMB

Type of equipment	Number (sets)	Carrying balance	
		Original value	Net value
Electronic devices	546	3,757,880.19	3,512,674.69
Total	546	3,757,880.19	3,512,674.69

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The equipment subject to valuation are distributed within the Cangnan Second Nuclear Power Plant, including primarily washing machines, air conditioners, televisions, coffee machines and other equipment.

② Valuation method

Based on the purpose of this valuation, in accordance with the principle of continuous use and based on the market price, taking into account the characteristics of the equipment to be appraised and the information collected, the cost approach is primarily adopted in the valuation.

$$\text{Appraised value} = \text{full replacement cost} \times \text{newness rate}$$

③ Valuation result and analysis

The valuation results of the equipment assets within the scope of valuation are set out in detail in the following table:

Summary of result of the valuation of equipment assets

Unit: RMB

Item	Carrying balance		Appraised value		Appreciation rate %	
	Original value	Net value	Original value	Item	Original value	Net value
Electronic devices	3,757,880.19	3,512,674.69	3,757,952.00	3,513,389.00	0.00	0.02
Total	3,757,880.19	3,512,674.69	3,757,952.00	3,513,389.00	0.00	0.02

Analysis on reasons for appreciation or depreciation in valuation

As the economic useful life of electronic devices was longer than the accounting depreciation term of the company, there was appreciation in net value for valuation.

(2) *Construction in progress*

① Scope of valuation

The carrying value of construction in progress included in the scope of valuation was RMB8,128,081,931.39, including, among others, preliminary preparation engineering fees, project construction fees, project construction management fees, survey design and technical service fees, interest expenses for construction period.

The address of the CGN Zhejiang San’ao Nuclear Power Plant* is located at Cangnan County, Wenzhou City, Zhejiang Province, on which 6 generation units of million kilowatts are planned to be constructed. The project was constructed by phases with overall planning. 2 sets of Hualong One nuclear power generation units will be constructed in Phase I, Phase II and Phase III, respectively. CGN Cangnan Second Nuclear Power Co., Ltd.* is responsible for construction and operation of Phase II and Phase III construction projects, known as Zhejiang San’ao Nuclear Power Station Phase II and Phase III Project*.

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② Valuation method

As of the Valuation Benchmark Date, the construction in progress included in the scope of valuation includes various upfront cost, project commencement fee, construction fee and administrative fee etc. The asset valuer verifies the composition of carrying value through communication with officers from financial, investment and engineering departments of the appraised entity, and review of relevant accounting books, certificates, contracts, payment invoices and other information. Taking into account the characteristics of construction in progress under this project, in order to avoid asset measurement repetition and asset value omission, based on various information collected, the valuer has analyzed specific conditions of various construction in progress, and adopted the following valuation methods:

In respect of construction in progress, the appraised entity is unable to accurately distinguish the book values of each ongoing subitems, and the engineering cost of subitems cannot be individually re-calculated under the valuation;

Due to the long construction period of nuclear power projects, the contractor usually takes into account inflation when entering into construction contract with enterprise. Hence, the progress payment has already reflected the impacts of price fluctuation on engineering cost. Consequently, based on the principle of prudence, the appraised value for construction in progress is determined at the recalculated fund cost with verified actual payment as estimation basis.

③ Valuation result and analysis

Valuation result is set out in table below:

Summary of result of the valuation of construction in progress

Unit: RMB

Item	Carrying balance	Appraised value	Appreciation or depreciation	Appreciation rate%
Construction in progress	8,128,081,931.39	8,362,805,895.46	234,723,964.07	2.89
Total	8,128,081,931.39	8,362,805,895.46	234,723,964.07	2.89

Analysis on reasons for appreciation or depreciation in valuation

The reason is this valuation has re-estimated various fund cost corresponding to the reasonable expenses of construction in progress at reasonable work schedule and interest rate.

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(3) Description of valuation of right-of-use assets

The carrying value of right-of-use assets is RMB183,395.55, which accounted for lease expenses for leased office premises.

The appraised value of the right-of-use assets is RMB183,395.55, without appreciation nor depreciation in valuation.

(4) Technical description of valuation of land use right

① Scope of valuation

As at Valuation Benchmark Date, there was one parcel of land within the scope of valuation, which was acquired by way of allocation. The land under this valuation is legally owned by CGN Cangnan Second Nuclear Power Co., Ltd.*, with an original carrying value of RMB346,638,593.91 and a carrying value of RMB344,327,669.95. The parcel of land to be appraised is located at Changsha Village and San'ao Village, Xiaguan Town, Cangnan County. The real estate title certificate has been obtained for such parcel of land (certificate number: Cangnan County Real Estate Title Certificate Zhe [2025] No. 0013039). The title holder and land user is CGN Cangnan Second Nuclear Power Co., Ltd.*, and the site area indicated on the certificate is 421,260.00 sq.m. The nature of the land use right is allocated, the designated land use is for public facilities, there is no restriction on the land use term, and the level of development is "completion of ground leveling and access to water, electricity, telecommunication, road and sewage". As at the Valuation Date, no encumbrances on the parcel of land to be appraised were identified.

② Valuation method

The common valuation methods for land use right include market comparison approach, income capitalization approach, residual approach, cost approximation approach and benchmark land premium coefficient modification etc. On the basis of on-site inspection and relevant market research, taking into account the location of land to be appraised, land usage, usage conditions, local land market, available information and the applicability of relevant valuation methods. The parcel of land under this valuation was evaluated using the market approach.

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③ Valuation result and analysis

Summary of result of the valuation of land use right

Unit: RMB

Item	Carrying value	Appraised value	Appreciation or depreciation	Appreciation rate
Land use right	344,327,669.95	346,698,066.00	2,370,396.05	0.69 %
Total	344,327,669.95	346,698,066.00	2,370,396.05	0.69%

Analysis on reasons for appreciation or depreciation in valuation

The gradual increase in market prices and land expropriation compensation standards, resulting in appreciation in land use right.

(5) *Technical description of valuation of sea area use right*

① Scope of valuation

As at the Valuation Benchmark Date, a total of 4 sea area use rights are included in the scope of valuation, all of which were acquired through approval, with original carrying value of RMB1,384,690,666.66 and the carrying value of RMB928,718,732.15 as at the Valuation Benchmark Date, and located in sea area near San'ao Village in Xiaguan Town, Cangnan County, Wenzhou City, Zhejiang Province. The types of sea use right are industrial use/power industry use. The sea use patterns include submarine cable conduit, permeable structure, non-permeable structure, water intake, and water discharge etc.

② Valuation method

In accordance with the Technical Specification for Sea Area Price Assessment (HY/T 0288-2020) and the Notice on Issuing the Guidelines for Sea Area Valuation Techniques (Guo Hai Guan Zi [2013] No. 708), the principles to be complied when assessing sea area prices include the principle of anticipated revenue, the principle of most effective usage, the principle of substitution, the principle of market supply and demand, and the principle of contribution. Based on the characteristics of the subject sea area and the purpose of the valuation, the appropriate method will be selected. The common valuation methods for sea area price include income capitalization approach, cost approximation approach, residual approach and market comparison approach.

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At present, the trading market for sea area use right in Cangnan County is immature. As it is lack of recent transaction cases in relation to sea area use right of the same type of sea area as the appraised subject within the supply-demand zone, market comparison approach is inappropriate for valuation. As the sea area to be appraised is for industrial use and cannot generate income separately, both income capitalization approach and residual approach are inappropriate for valuation. Upon inspection, it is understood that the acquisition cost and various expenses for the sea area to be appraised can be obtained in a reasonable way. Hence, the cost approximation approach is suitable for the valuation. Based on the above analysis, the valuer adopts cost approximation approach for the valuation of sea area use right.

③ Valuation result and analysis

Summary of result of the valuation of sea area use rights

Unit: RMB

Item	Carrying value	Appraised value	Appreciation or depreciation	Appreciation rate
Sea area use right	6,452,847.36	6,940,700.00	487,852.64	7.56 %
Total	6,452,847.36	6,940,700.00	487,852.64	7.56 %

Analysis on reasons for appreciation or depreciation in valuation

Reasons for appreciation in valuation: The original carrying value of sea area use right refers to the one-off royalties for sea area use. During valuation, the valuer has appraised the interests for sea area development, profit for sea area development and value-added income with reference to the Technical Specification for Sea Area Price Assessment (HY/T 0288-2020), resulting in appreciation in valuation.

(6) Technical description of valuation of long-term deferred expenses

The carrying value of the long-term deferred expenses on the Valuation Benchmark Date was RMB928,718,732.15 and the original value was RMB1,384,690,666.66. It mainly comprised the construction costs incurred due to the cooperation between the enterprises and the Cangnan County People’s Government for the construction of National Road 228 and Lingsha Highway, as well as the cost of water supply projects for maintaining water supply.

The appraised value of long-term deferred expenses was RMB928,718,732.15, without appreciation nor depreciation in valuation.

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(7) Description of valuation of other non-current assets

The carrying value of other non-current assets as at the Valuation Benchmark Date was RMB484,576,104.40, which included reclassified prepaid service fees, input tax to be credited, etc.

The appraised value of other non-current assets was RMB484,576,104.40, without appreciation nor depreciation in valuation.

3. Description of valuation of current liabilities

Current liabilities included in the scope of valuation include: short-term borrowings, accounts payable, other payables, and non-current liabilities due within one year. The carrying value of the abovementioned liabilities as at the Valuation Benchmark Date is set out in table below:

Unit: RMB

Item	Carrying value
Short-term borrowings	1,364,826,640.37
Accounts payable	26,031,821.52
Other payables	1,798,632,907.30
Non-current liabilities due within one year	4,300,972.60
Total current liabilities	3,193,792,341.79

On the basis of liabilities actually assumed by the appraised entity as at the Valuation Benchmark Date as the appraised value of liabilities, the appraised value of current liabilities was RMB3,193,792,341.79, without appreciation nor depreciation in valuation.

4. Description of valuation of non-current liabilities

Non-current liabilities included in the scope of valuation comprised long-term borrowings. The carrying value of the long-term borrowings as at the Valuation Benchmark Date was RMB3,813,066,311.78. Items under valuation refer to various borrowings with a term of more than one year (exclusive) borrowed by the appraised entities from, among others, China Construction Bank, Bank of China, Agricultural Bank of China, CGN Yuanhang Investment (Shenzhen) Partnership (中廣核遠航投資(深圳)合夥企業).

The appraised value of long-term borrowings was RMB3,813,066,311.78, without appreciation nor depreciation in valuation.

(II) Technical Description of Valuation with Income Approach

1. *Preconditions and reasons for adopting the income approach*

(1) Definition and principle of the income approach

The income approach refers to a valuation method that discounts the estimation of the expected future income of the appraised entity into present value to determine the value of the appraised entity. Its basic idea is to derive an appraised value by estimating the expected income of an asset in the future and discounting it to present value at an appropriate discount rate.

(2) Preconditions for adopting the income approach

The enterprise has the basis and conditions for continuous operation. There is a stable relationship between operation and income in the asset. The future income and risks are predictable and quantifiable.

(3) Reasons and basis for adopting the income approach

The operating conditions of the appraised entity met the preconditions for the adoption of the income approach and possessed the basis for calculation using the income approach. The income and risks of the appraised entity in future years were able to be reliably estimated and the income period be determined. Therefore, the income approach was eligible to be selected for this valuation.

The valuer conducted income forecasts and determined various parameters based on the historical income in recent years, the market trends on the Valuation Benchmark Date of the appraised entity and during the forecast period, and performed estimation and calculation.

2. *Calculation in Valuation and Process of Analysis*

(1) Selection of income model

The discounted cash flow method (DCF) under the income method is adopted to indirectly acquire the value of total equity interests of shareholders through valuating the overall value of the enterprise. The enterprise free cash flow discount model is adopted to determine the value of operating assets, that is, the value is calculated based on the enterprise free cash flow for several years in the future, discounting at appropriate discount rate and adding the sum. The formula is as follows:

Value of the entire equity interests of shareholders = overall enterprise value – value of interest-bearing debts

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Overall enterprise value = value of operating assets + value of non-operating assets + value of surplus assets – value of non-operating liabilities

Interest-bearing debts refer to the liabilities on which the appraised entity is required to pay interest as at the Valuation Benchmark Date, including non-current liabilities and long-term borrowings due within one year.

The verified carrying value of the interest-bearing debts was adopted as the appraised value.

① Value of operating assets

Operating assets refer to those assets and liabilities that are related to the production and operation of the appraised entity and are included in the free cash flow forecast of the enterprise after the Valuation Benchmark Date.

The value of operating assets is calculated as follows:

$$P = \sum_{i=1}^n \frac{F_i}{(1+r)^i}$$

Where: P: Value of operating assets of the enterprise as at the Valuation Benchmark Date;

Fi: Expected enterprise free cash flow in the i year after the Valuation Benchmark Date;

r: Discount rate (herein refers to the weighted average capital costs, or WACC);

n: Detailed forecast period;

i: Year i of the detailed forecast period;

Among which, enterprise free cash flow = net profit after taxation + depreciation and amortization + interest on interest-bearing debts (after tax) + corresponding finance expense on costs of abandoning assets (after tax) – capital expenditure – net increase of working capital + input value-added tax to be credited + asset recoverable amount as at the end of the period.

The discount rate is determined by adopting the weighted average capital costs (WACC) model.

The cost of equity capital (Ke) is determined by adopting the capital asset pricing model (CAPM).

② Value of non-operating assets and liabilities

Non-operating assets and liabilities refer to those assets and liabilities that are not related to the production and operation of the appraised entity and are not included in the free cash flow forecast of the enterprise after the Valuation Benchmark Date. This valuation mainly used an appropriate approach to conduct separate analysis and valuation of non-operating assets and liabilities.

③ Value of surplus assets

Surplus assets refer to those assets that exceed the normal operational requirements of the enterprise as at the Valuation Benchmark Date and are not included in the free cash flow forecast of the enterprise after the Valuation Benchmark Date. Based on the analysis, no surplus assets were identified in the appraised entity in this valuation.

(2) *Determination of principal parameters*

① Determination of income period and forecast period

A. Determination of income period

The income period defines the time frame for the expected future income of the appraised entity. It refers to the period during which the assets are active, that is, the interval from the date on which the enterprise generates income to the date on which the enterprise no longer receives income.

For nuclear power enterprises, as generating units are subject to archival disposition upon decommissioning, the income period is determined based on the designed useful life of the generating unit. According to the Feasibility Study Report on Phase II Construction of CGN Zhejiang San'ao Nuclear Power Plant issued by China Nuclear Power Design Co., Ltd. (Shenzhen) (深圳中廣核工程設計有限公司), Phase II Construction of CGN Zhejiang San'ao Nuclear Power Plant (Unit 3 and Unit 4) adopts the third-generation PWR nuclear technology domestically developed in China, i.e. the Hualong One upon integration with Hualong PWR, with a designed useful life of 60 years. Hence, the income period for valuation of Cangnan Second Nuclear Power is 60 years.

B. Determination of forecast period

Cangnan Second Nuclear Power is a nuclear power company, and the forecast period will be ended by the end of operation period of generating units. Based on the current construction progress, the appraised entity expects Unit 3 and Unit 4 of San'ao Nuclear Power to be put into commercial operation by December 31, 2030 and December 31, 2031, respectively. Hence, the forecast periods for Unit 3 and Unit 4 are determined to be December 31, 2090 and December 31, 2091, respectively.

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② Forecast of operating income

Operating income of Cangnan Second Nuclear Power refers to sales revenue of electricity. Basic formula for calculation of sales revenue of electricity is as follows:

Sales revenue of electricity = on-grid power generation × power tariff (tax exclusive)

Among which: On-grid power generation = power generation × (1 – electricity consumption of power generation plants)

Power generation = installed capacity × facility power generation hours for the period

A. Installed capacity

In respect of installed capacity, as at the Valuation Benchmark Date, the single installed capacity of Cangnan Second Nuclear Power is 1.215 GW, while the total installed capacity is 2*1.215 GW, i.e. 2.43 GW. The installed capacity of project construction is in line with the designed capacity as stipulated in the Feasibility Study Report. This valuation uses the total installed capacity of Unit 3 and Unit 4 of 2.43 GW as the estimation basis.

B. Power generation hours

Over the years, the developed generating units within CGN Group have achieved utilization hours of more than 8,000 hours, even the lower performers reached about 7,400 hours, with an average exceeding 7,900 hours, which was higher than the average level of 7,700 hours among all generating units in operation across China, and the generating units in operation in Zhejiang have achieved average utilization hours of around 8,000 hours. As a clean energy source, nuclear power enjoys on-grid priority over coal-fired generation in China. To ensure safe operation, nuclear power plants are increasingly trading price for volume through market transactions. With the gradual liberalization of the electricity market, nuclear participation in such trading is expected to further expand. In addition, given that Zhejiang, where the Cangnan Second Nuclear Power Plant is located, faces a significant power supply shortfall and that electricity demand is rising year by year, the utilization hours are expected to increase steadily. On a conservative basis, this valuation takes reference to the average power generation hours of generating units in operation within the Group in the past three years and the average power generation hours of generating units in operation in Zhejiang in the past six years, together with the market demand in the region where the Cangnan Second Nuclear Power Plant is located and annual power generation hours of 8,000 hours as the estimation basis.

C. Electricity consumption rate of power generation plants

According to the electricity consumption rate of generating units within CGN Group over the past three years provided by the client and the appraised entity, the electricity consumption rate of power plants ranged from 4.3% to 6.9%, with an average of 5.57% over the past three years. The average value of generating units within the whole plant is representative data. This valuation takes reference to the average electricity consumption rate of generating units in operation within the Group of 5.57% in the past three years as the estimation basis.

D. Time for official commercial operation

According to the construction plan of the project company, Unit 3 is conservatively expected to put into production by December 31, 2030, while Unit 4 is conservatively expected to put into production in December 31, 2031. At present, the project construction is progressing normally.

E. On-grid tariff

China's nuclear on-grid tariff regime has evolved through several stages and is now based on a dual-track system: "protected on-grid electricity" is settled at the government-approved tariff for each unit, while "market-based on-grid electricity" is priced through competitive power market transactions. In view of the foregoing, guaranteed-volume quotas vary by nuclear plants, the proportion of market-traded power differs widely. In addition, market prices have been volatile over the year. As the future rate of market-based transaction of commercial generating units in operation and future market tariff cannot be accurately estimated, based on the tariff stipulated in the Notice on Issues Concerning Improving the Mechanism for Nuclear Power On-Grid Tariffs (NDRC Price [2013] No. 1130) (《關於完善核電上網電價機制有關問題的通知》(發改價格[2013]1130號)) issued by the National Development and Reform Commission on June 15, 2013, taking into account the expectations on future electricity market and relevant policies, Cangnan Second Nuclear Power has estimated that the comprehensive on-grid tariff in the future will be RMB0.3675/kWh (excluding tax). This valuation has made estimation with reference to such tariff.

F. Expenses on the two rules and supplementary services

Expenses on the two rules and supplementary services for future forecast years are estimated based on the average expenses on the two rules and supplementary services of generating units in operation within CGN Group for the past three years of 4%/kWh (tax excluded) as provided by the client and the appraised entity.

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G. Forecast of sales revenue of electricity of Cangnan Second Nuclear Power for future years

Sales revenue = on-grid power generation × (composited on-grid tariff (tax exclusive) – expenses on the two rules and supplementary services)

③ Forecast of operating costs

It is expected that the major operating costs of Cangnan Second Nuclear Power upon the commencement of production will include nuclear fuelling costs, spent fuel management costs, labour costs, depreciation and amortization, outage costs, material costs, low and medium level radioactive waste management costs, nuclear emergency costs, insurance premiums, administrative management expenses, and other expenses on ordinary operations. The forecast in this valuation is conducted based on the Feasibility Study Report, as well as the annual operating cost information of similar developed nuclear power generating plant projects as provided by the client and the appraised entity.

④ Forecast of revenue from other business operations and other costs of business operations

As communicated with the management of the appraised entity, it is expected that there will be no other business to be conducted by the enterprise in the future. Revenue from other business operations and other costs of business operations will no longer be individually estimated in this valuation.

⑤ Forecast of taxes and surcharges

Taxes and surcharges of Cangnan Second Nuclear Power primarily include urban maintenance surcharges, education surcharges, local education surcharges, stamp duty, real estate tax and land use tax etc. The tax base for urban maintenance surcharges, education surcharges and local education surcharges is value-added tax amount. Among which, the tax rate for urban maintenance surcharges, education surcharges and local education surcharges is 5%, 3% and 2%, respectively. Stamp duty is calculated at 0.03% of the contracted amount. Real estate tax and land use tax are accrued at RMB30,000,000 per year based on the company's estimation. Value-added tax payable is calculated based on the estimated operating revenue and operating costs of the enterprise in future years, and the operating taxes and surcharges of the enterprise for future years are estimated on such basis.

⑥ Forecast of selling expenses, administrative expenses and research and development expenses

The selling expenses, administrative expenses and research and development expenses of the project company are all included in operating costs. This valuation does not separately forecast selling expenses, administrative expenses and research and development expenses.

⑦ Forecast of finance costs

A. Financial costs from project loans

Based on the Feasibility Study Report and the planning of the project company, the total planned borrowing amount for the project is RMB30,651.572 million. Principal repayments are scheduled to commence in 2033, with a repayment period of approximately 15 years, and the principal is expected to be fully repaid by 2047. For this valuation, interest is calculated using the LPR rate of 3.50% as at the benchmark date.

B. Financial costs from cost of decommissioning of nuclear power facilities

In accordance with the project investment evaluation indicators of CGN Group, the cost of decommissioning of nuclear power facilities is calculated as 10% of the original value (as-built price) of the nuclear power fixed assets as the terminal value of the decommissioned assets, and the present value at the time of commissioning is calculated using a discount rate (7.7% for second-generation nuclear power units and 6.5% for third-generation nuclear power units) as the present value of the decommissioned assets. Thereafter, depreciation is accrued over the operation period based on the present value, with a residual value of 0.

In the first year of operation of the power station, the same amount is recognized in the “provisions” item. The provision is then increased annually by interest calculated at a rate (7.7% for second-generation nuclear power units and 6.5% for third-generation nuclear power units) until the final year of operation. The interest accrued on provisions is recorded as financial costs of the company.

After the end of the operation period, the cash outflow for decommissioning payment occurs. The provision is reduced by the same amount as the principal repayment. After the repayment is completed, the provision balance becomes zero.

⑧ Forecast of other gains

According to the provisions of the Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Tax Policies for the Nuclear Power Industry (《財政部國家稅務總局關於核電行業稅收政策有關問題的通知》) (Cai Shui [2008] No. 38) and the Announcement of the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on Adjusting Value-Added Tax Policies for Wind Power Generation and Other Industries (《財政部海關總署稅務總署關於調整風力發電等增值稅政策的公告》) (Announcement No. 10 of 2025), the relevant value-added tax provisions under the Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Tax Policies for the Nuclear Power Industry (《財政部國家稅務總局關於核電行業稅收政策有關問題的通知》) (Cai Shui [2008] No. 38) shall continue to be applicable the nuclear power generating units that have officially commenced commercial operation prior to October 31, 2025; for nuclear power generating units that have been approved by the State Council prior to October 31, 2025 but have not yet officially commenced commercial operation, production and sales of power products by nuclear power generation enterprises shall all be entitled to the “levy first, refund later” value-added tax policy within 10 years from the month after the official commencement of commercial production with the refund ratio of 50% of deposited tax. Other value-added tax provisions shall continue to be implemented in accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Tax Policies for the Nuclear Power Industry (《財政部國家稅務總局關於核電行業稅收政策有關問題的通知》) (Cai Shui [2008] No. 38). For nuclear power generating units approved after November 1, 2025, the “levy first, refund later” value-added tax policy shall no longer be applicable.

Phase II Construction of the Zhejiang San’ao Nuclear Power Plant (Unit 3 and 4), constructed and operated by Cangnan Second Nuclear Power is a nuclear power generating unit that has been approved by the State Council prior to October 31, 2025 but has not yet officially commenced commercial operation. As such, the production and sale of power products by the nuclear power generation enterprises shall be entitled to the “levy first, refund later” value-added tax policy within 10 years from the month after the official commencement of commercial production with the refund ratio of 50% of deposited tax.

For nuclear power generation enterprises, the value-added tax refunds are calculated separately for each nuclear power generating unit, and the enterprises shall calculate the sales volume of power products of their nuclear power generating units separately. Accordingly, based on the construction progress of the project company, Unit 3 will be entitled to such tax refund policy commencing from January 1, 2031; and Unit 4 will be entitled to such tax refund policy commencing from January 1, 2032. Taking into account the same installed capacity of both units, the value-added tax attributable to each unit is assumed to be identical in this valuation. The value-added tax may be apportioned equally based on their respective time of commencement of operation, and the refund amount for each unit shall be calculated accordingly.

⑨ Forecast of income tax

Pursuant to the Notice of the Ministry of Finance and State Administration of Taxation on Issues Relevant to Implementation of the List of Public Infrastructure Projects Enjoying Enterprise Income Tax Preferences (Cai Shui [2008] No. 46), the Notice of the State Administration of Taxation on the Implementation of Enterprise Income Tax Preferential Policies for Public Infrastructure Projects Supported by the State (Guo Shui Fa [2009] No. 80) and the Supplementary Notice of the Ministry of Finance and State Administration of Taxation on the Preferential Enterprise Income Tax Policies for Public Infrastructure Projects (Cai Shui [2014] No. 55), for the approved public infrastructure projects after January 1, 2008, the income derived from their investment and operation shall be exempted from enterprise income tax for the first three years, starting from the tax year in which the project generates revenue from production and operation for the first time. From the fourth to the sixth year, enterprise income tax shall be levied at half the applicable rate. For subsequent periods, enterprise income tax shall be calculated at the applicable tax rate for the enterprise.

The appraised entity is entitled to the preferential enterprise income tax incentives of three years of exemption and three years of reduction by half starting from the year of commencement of production. The tax incentives are calculated separately for each nuclear power generating unit. In particular, Unit 3 shall enjoy the preferential income tax policy from January 1, 2031, while Unit 4 shall enjoy the preferential income tax policy from January 1, 2032. Taking into account the same installed capacity of both units, the enterprise income tax attributable to each unit is assumed to be identical in this valuation. The income tax may be apportioned equally based on their respective time of commencement of operation, and the incentive amount for each unit shall be calculated accordingly.

⑩ Forecast of depreciation and amortization

The forecast of depreciation and amortization is primarily based on the existing asset size of the enterprise, taking into account the additional capital expenditures after the Valuation Benchmark Date. The future depreciation and amortization amounts during the future operation period are estimated in accordance with the depreciation and amortization policies for fixed assets of the enterprise.

Cangnan Second Nuclear Power is still in the investment and construction phase. After the facilities under investment and construction reach their intended conditions of use, the company will classify the invested and constructed assets based on asset categories, which are broadly categorized as nuclear islands – machinery, nuclear islands – electricity, nuclear islands – instruments, nuclear islands – buildings and structures, conventional islands and auxiliary systems – machinery, conventional islands and auxiliary systems – electricity, conventional islands and auxiliary systems – instruments, conventional islands and auxiliary systems – buildings and structures, land use rights and sea area use rights, two-thirds of the initial nuclear fuelling costs, and cost of decommissioning of nuclear power facilities, etc. The depreciation and amortization amounts for future years will be calculated based on the specific

characteristics of the various assets formed from the expected investment and construction. After these assets reach their intended conditions of use, depreciation and amortization will be accrued separately according to different depreciation and amortization methods, depreciation and amortization periods, and residual value rates.

⑪ Forecast of capital expenditures

Based on the going concern assumption, certain capital expenditures shall be taken into account in future years to maintain asset renewal and basic reproduction of the enterprise.

The major capital expenditure items include subsequent project investments and investments renewed during the production period. The timing and amount of expenditures are calculated based on the construction plan and subsequent renewal and renovation plans provided by the enterprise.

The annual capital expenditures required for production renewal during the operation period are forecasted based on the useful life of various assets in the nuclear island, conventional island and BOP (Balance of Plant) facilities. Appropriate adjustments are made as the decommissioning phase approaches.

At the end of the operation period of the project, the nuclear power station will face decommissioning. Decommissioning involves the process of decontamination and dismantlement after commercial operation ends, aiming to achieve unrestricted use of the site. Most components of a nuclear power plant are non-radioactive and can be dismantled using conventional methods. The vast majority of radioactive materials in a nuclear power plant are contained in spent fuel. Spent fuel is transported off-site for disposal prior to or during decommissioning. Radioactive equipment and components in the nuclear island can be decontaminated and dismantled using various technologies and methods. The dismantled radioactive materials are sent to national or regional waste repositories for disposal. For radioactive equipment and components, a considerably long retention period is generally required prior to dismantling to allow for radioactive decay.

⑫ Forecast of increase in working capital

In general, as the enterprise expands the scope or size of its business operations, its normal business credit extended to customers will increase accordingly, along with an increase in the cash balance required to meet its daily operating payments, thereby requiring more working capital. However, the enterprise may also reduce immediate payments by obtaining normal business credit from its suppliers, which correspondingly saves a portion of working capital.

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Changes in working capital are a component of cash flow. “Working capital” refers to the difference between “current assets (excluding surplus funds)” required for normal operations and “non-interest-bearing current liabilities”. Interest-bearing current liabilities fall under financing cash flows and do not belong to the scope of “production and operation”, and thus should be deducted from current liabilities.

Annual working capital = (current assets – surplus funds – non-operating current assets)
– (current liabilities – short-term borrowings – non-operating current liabilities)

Increase in working capital = working capital amount of the current year – working capital amount of the previous year

Taking into account the characteristics of the nuclear power industry and based on an analysis of various items in the balance sheet of the enterprise, the working capital forecast primarily considered items including monetary funds, accounts receivable, prepayments, inventories and accounts payable in this valuation.

⑬ Determination of recovery of terminal value

The determination of the terminal value of the enterprise primarily considers the recoverable amount of working capital and fixed assets as at the end of the period.

(3) *Determination of discount rate*

① The discount rate model adopted

In accordance with the principle of consistency between income and discount rates, the income for this valuation is based on the free cash flow of the enterprise, and the discount rate is determined using the weighted average cost of capital (WACC) valuation model.

Formula for the WACC model:

$$WACC = K_e \times \frac{E}{D + E} + K_d \times \frac{D}{D + E} \times (1 - T)$$

Where: K_e : cost of equity capital

E: market value of equity

K_d : cost of debt capital

D: market value of the interest-bearing debts

T: income tax rate

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- ② The cost of equity capital is calculated by using the capital asset pricing model (CAPM).

Formula for the CAPM model:

$$K_e = R_f + \beta \times ERP + R_c$$

Where: R_f : risk-free interest rate

ERP: equity risk premium

R_c : enterprise-specific risk adjustment coefficient

β : forecasted market risk coefficient of the cost of equity of the appraised entity

- ③ Determination of relevant parameters in the model

A. Selection of comparable companies

As the appraised entity is a profit-making enterprise and is mainly engaged in the electricity production and sales business, we initially adopted the following basic criteria as the selection criteria for screening comparable companies in this valuation:

- a. The comparable companies shall have been profitable in the past two years;
- b. The shares of the comparable companies must have been listed for at least two years;
- c. The comparable companies shall not have B shares, ST shares or BJ-shares;
- d. The comparable companies shall be engaged in or shall be mainly engaged in the electricity production and sales industry, or be subject to the same economic factors, and have been mainly engaged in such industry for at least 2 years.

Based on the aforementioned four principles, we used RoyalFlush iFinD to conduct the screening, and ultimately selected 33 listed companies engaged in the electricity production and supply industry as comparable companies.

For this valuation, the RoyalFlush iFinD system was used to retrieve the stock price volatility of the aforementioned comparable companies and the volatility of the CSI 300 Index. The comparable companies were determined after passing the t-test.

B. Determination of cost of equity capital (Ke)

a. Determination of risk-free rate of return (R_f):

The yield of treasury bonds is usually considered to be risk-free because the risk of holding such bonds that cannot be repaid at maturity is so insignificant that it can be ignored.

This valuation used the yield to maturity of treasury bonds with a remaining term of 10 years or more from the Valuation Benchmark Date to the maturity date of the treasury bonds as the risk-free rate of return, as retrieved from the RoyalFlush iFinD system.

We used the average of the abovementioned yield to maturity of treasury bonds of 2.21% as the risk-free rate of return for this valuation.

b. Determination of market risk coefficient of equity (β):

Based on the business characteristics of the appraised entity, the valuer retrieved the β_L values with financial leverage of 33 comparable A-share listed companies in Shanghai and Shenzhen on September 30, 2025 on the RoyalFlush iFinD system, and subsequently converted them into β_U values without financial leverage based on the income tax rate and capital structure of these comparable listed companies.

Based on the β_U values without financial leverage of multiple comparable listed companies, the average value of 0.4214 was adopted as the β_U value for the appraised entity. The average capital structure of the comparable listed companies, i.e. 94.93%, was used as the target capital structure for the appraised entity. Combined with the income tax rate applicable to the appraised entity during the forecast period (Cangnan Second Nuclear Power is entitled to the preferential income tax policy of three years of exemption and three years of reduction by half for public infrastructure projects. Accordingly, the enterprise income tax rate is considered to be 0% for 2031 to 2033, 12.5% for 2034 to 2036, and 25% for 2037 and subsequent years), the parameters were substituted into the formula for calculating the equity systematic risk coefficient to calculate the equity system risk coefficient of the appraised entity. The calculation formula is as follows:

$$\beta_L = \beta_U \times [1 + (1 - T) \times \frac{D}{E}]$$

Where: β_L : β coefficient with financial leverage

β_U : β coefficient without financial leverage

T: income tax rate

Since the above process of calculating the β coefficient is based on historical data, the β_U value without financial leverage we have actually estimated is a historical β coefficient rather than a forward-looking expected β coefficient. To estimate the expected future β coefficient, the Blume Adjustment method is applied. The formula is as follows:

$$\beta_{adj} = \frac{2}{3} \times \beta_{unadj} + \frac{1}{3} \times 1$$

Where: β_{adj} : adjusted value, β_{unadj} : historical value.

c. Determination of equity risk premium (ERP):

Equity risk premium refers to the expected excess return required by investors for equity investment with the same overall market average risk, i.e. risk compensation in excess of the risk-free interest rate. In particular, the rate of return on equity investment (R_m) used the RoyalFlush iFinD data terminal to select the CSI 300 Index, the most representative index of the Chinese stock market, and the closing prices (adjusted prices) of the constituent stocks of the CSI 300 Index at different times each year. With a cycle of 10 years, a rolling method was used to estimate the 10-year geometric average return of each of the 300 stocks.

The risk-free rate of return (R_f) was the yield to maturity of treasury bonds. With the RoyalFlush iFinD data terminal, the average yield to maturity of treasury bonds with a remaining term of 10 years or more to maturity at the corresponding time point of each year in the past ten years was selected as the risk-free rate of return.

Based on the above estimates, the equity risk premium (ERP) was 6.72%.

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d. Determination of enterprise-specific risk adjustment coefficient (Rc)

Enterprise-specific risk adjustment coefficient refers to the specific risks of an enterprise relative to its industry peers. Key influencing factors include business size, projected operating conditions, stage of project construction, utilization hours of power generation and fluctuation of on-grid tariff, the level of technological advancement and reliability of nuclear power, experience and qualifications of management personnel, policy implications and uncertainties, and financial risks, among others. For this valuation, upon comprehensive consideration of the above factors, the specific risk premium rate was determined as 1.15%.

e. Determination of cost of equity capital

Substituting the above parameters into the formula:

$$K_e = R_f + \beta \times ERP + R_c$$

	2032 and		
Year	2025 to 2033	2034 to 2036	subsequent years
Ke	9.28%	9.06%	8.83%

③ Determination of cost of debt capital (Kd)

In this valuation, the cost of debt capital was determined using the five-year loan prime rate (LPR) of 3.50% published by the People’s Bank of China as at the Valuation Benchmark Date.

④ Determination of weighted average cost of capital

$$WACC = K_e \times \frac{E}{D + E} + K_d \times \frac{D}{D + E} \times (1 - T)$$

Substituting the parameters as determined above into the formula for weighted average cost of capital, the weighted average cost of capital so calculated for the appraised entity for future years are as follows:

	2032 and		
Year	2025 to 2028	2029 to 2031	subsequent years
WACC	6.47%	6.14%	5.81%

3. *Calculation in Valuation and Process of Analysis*

(1) Determination process of value of operating assets

Based on the parameters determined by the above analysis and forecast, and by discounting the free cash flow of the enterprise forecasted for each year within the income period, the value of the operating assets of the enterprise were calculated at RMB8,136.6183 million.

(2) Determination of value of surplus assets

Surplus assets refer to those assets that exceed the normal operational requirements of the enterprise as at the Valuation Benchmark Date and are not included in the free cash flow forecast of the enterprise after the Valuation Benchmark Date. Based on the verification and analysis, no surplus assets were identified in this valuation.

(3) Determination of value of non-operating assets and liabilities

Non-operating assets and liabilities refer to those assets and liabilities that are not related to the production and operation of the appraised entity and are not included in the free cash flow forecast of the enterprise after the Valuation Benchmark Date.

Based on the analysis, the appraised entity is still under project construction, and has not yet officially commenced commercial operation. Therefore, as at the Valuation Benchmark Date, the assets and liabilities of the appraised entity, including monetary funds, construction in progress- Phase III construction in progress, right-of-use assets, long-term deferred expenses – Phase III, other non-current assets – prepayments for construction and equipment, trade payables, other payables, and non-current liabilities due within one year, were accounted for as non-operating assets and liabilities and appraised using an appropriate approach. The appraised value of non-operating assets was RMB2,182.6342 million, and the appraised value of non-operating liabilities was RMB1,824.6647 million.

4. *Appraised Value Calculation Processes and Results*

(1) Calculation of overall enterprise value

Overall enterprise value = value of operating assets + value of non-operating assets – value of non-operating liabilities + value of surplus assets

$$= 813,661.83 + 218,263.42 - 182,466.47$$

$$= 849,458.77 \text{ (in RMB'0,000)}$$

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(2) Determination of interest-bearing debts

The interest-bearing debts of the appraised entity included short-term borrowings, long-term borrowings, non-current liabilities due within one year and lease liabilities, which amounted to RMB5,182.1143 million upon verification.

(3) Calculation of value of the entire equity interests

Based on the above valuation work, the value of the entire equity interests of CGN Cangnan Second Nuclear Power Co., Ltd.* was:

Value of the entire equity interests = overall enterprise value – value of interest-bearing debts

$$= 849,458.77 - 518,211.43$$

$$= 331,200.00 \text{ (in RMB'0,000) (rounded to the nearest million)}$$

VII. CONCLUSION AND ANALYSIS OF VALUATION

(I) Conclusion of Valuation

1. Valuation Results by Asset-based Approach

As at the Valuation Benchmark Date, subject to the fulfilment of the valuation assumptions, the asset-based approach was used for valuation. The carrying value of total assets of CGN Cangnan Second Nuclear Power Co., Ltd.* was RMB10,158.5987 million. The appraised value was RMB10,396.1816 million. The appreciation amount was RMB237.5829 million and the appreciation rate was 2.34%. The carrying value of total liabilities was RMB7,006.8587 million. The appraised value was RMB7,006.8587 million with no appreciation or depreciation. The carrying value of net assets was RMB3,151.74 million. The appraised value of the entire equity interests was RMB3,389.3229 million. The appreciation amount was RMB237.5829 million and the appreciation rate was 7.54%.

Summary of asset valuation results

Unit: RMB'0,000

Item		Carrying value A	Appraised value B	Appreciation or depreciation C = B-A	Appreciation rate % D = C/A×100
Current assets	1	26,274.53	26,274.53	–	–
Non-current assets	2	989,585.34	1,013,343.63	23,758.29	2.40
Including: Fixed assets	3	351.27	351.34	0.07	0.02
Construction in progress	4	812,808.20	836,280.59	23,472.39	2.89
Right-of-use assets	5	18.34	18.34	–	–
Intangible assets		35,078.05	35,363.88	285.83	0.81
Long-term deferred expenses	6	92,871.87	92,871.87	–	–
Other non-current assets	7	48,457.61	48,457.61	–	–
Total assets	8	1,015,859.87	1,039,618.16	23,758.29	2.34
Current liabilities	9	319,379.24	319,379.24	–	–
Non-current liabilities	10	381,306.63	381,306.63	–	–
Total liabilities	11	700,685.87	700,685.87	–	–
Net assets (owner's equity)	12	315,174.00	338,932.29	23,758.29	7.54

2. Valuation Results by Income Approach

As at the Valuation Benchmark Date, the carrying value of total assets of CGN Cangnan Second Nuclear Power Co., Ltd.* was RMB10,158.5987 million. The carrying value of total liabilities was RMB7,006.8587 million. The carrying value of net assets was RMB3,151.74 million. Subject to the fulfilment of the valuation assumptions, the appraised value of the entire equity interests obtained by income approach was RMB3,312.00 million. The appreciation amount was RMB160.26 million and the appreciation rate was 5.08%.

(II) Determination of Valuation Conclusion

1. Analysis on Difference

The appraised value of the entire equity interests obtained by income approach was RMB3,312.00 million, while the appraised value of the entire equity interests obtained by asset-based approach was RMB3,389.3229 million, between which the difference was RMB77.3229 million and the difference rate was 2.28%. The major reasons for the difference between the two valuation approaches are as follows:

Under asset-based approach, the appraised value of an enterprise is determined based on the balance sheet of the enterprise, which may be greatly affected by the asset replacement costs, depreciation status, asset quality and other factors; while under income approach, the value of an enterprise is reflected mainly from the perspective of the net cash flow generated from the operating activities of the enterprise in the future, which may be greatly affected by the future profitability and operational risks of the enterprise. Accordingly, different influencing factors lead to different valuation results.

2. Selection and Rationality Analysis of Valuation Results

CGN Cangnan Second Nuclear Power Co., Ltd.*, as a nuclear energy development project company, is responsible for the development, construction and operation of the Zhejiang San'ao Nuclear Power Phase II and Phase III Projects. At this stage, the nuclear power project is still in the investment and construction phase, and has not yet officially commenced commercial operation. Through an analysis of the calculation processes of these two approaches and the quality of the parameters adopted, we identified significant uncertainties in the parameters related to the construction, production and economic indicators of such nuclear power project. In particular, the electricity tariff level is heavily influenced by the macroeconomic environment and relevant industry policies in the PRC, and remains subject to potential substantial fluctuations in the foreseeable future, which may lead to considerable uncertainty in the future profitability of such company. When adopting income approach in calculation, the asset valuation professionals conducted a prudent analysis and judgment on factors affecting the future revenue and operational risks of the appraised entity, based on the macroeconomic environment, the market conditions of the industry in which such enterprise operates, and the specific circumstances of the appraised entity. Nevertheless, the aforementioned factors may still have certain impacts on the accuracy of the valuation results obtained by income approach, while the market value of assets is appraised and estimated from the perspective of asset replacement under asset-based approach, which may give an objective reflection of the market value of the enterprise at the current stage.

Under the asset-based approach, the total value of shareholders' equity of CGN Cangnan Second Nuclear Power Co., Ltd.* as at the Valuation Benchmark Date was RMB3,389.3229 million.

As at the Valuation Benchmark Date, the subscribed registered capital of the appraised entity was RMB3,404.10 million, and the paid-in capital was RMB3,151.74 million. The registered capital of the appraised entity has not been fully paid up, and the shareholders of the appraised entity are liable to pay the capital contribution of RMB252.36 million in full on schedule. This valuation has not considered the impact of the outstanding payment of the subscribed registered capital, and the valuation conclusion represents the appraised value corresponding to the paid-in capital contribution as at the Valuation Benchmark Date.

If the client wishes to understand how the value of total shareholders' equity is allocated among the respective shareholders in the event that the subscribed registered capital is not fully paid up, such value allocation may be carried out in accordance with the Company Law and the terms stipulated in the articles of association and relevant agreements. In the absence of such stipulations in the relevant documents, reference may be made to the following method for value allocation:

Equity value allocable to a shareholder = (total value of shareholders' equity based on the paid-in progress as at the Valuation Benchmark Date + Amount of capital contribution subscribed but not yet paid up by all shareholders) × subscription proportion of such shareholder – amount of capital contribution subscribed but not yet paid up by such shareholder as at the Valuation Benchmark Date.

NOTICE OF THE 2026 FIRST EXTRAORDINARY GENERAL MEETING



CGN Power Co., Ltd.*

中國廣核電力股份有限公司

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

(Stock Code: 1816)

NOTICE OF THE 2026 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2026 first extraordinary general meeting (the “EGM”) of CGN Power Co., Ltd.* (the “**Company**”) will be held at 2:45 p.m. on Thursday, June 18, 2026 at South Tower, CGN Building, No. 2002 Shennan Road, Shenzhen, Guangdong Province, the PRC for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTION

1. To consider and approve the discloseable and connected transaction in relation to Acquisition of the Equity Interests in two companies including Cangnan Nuclear Power from CGN

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

Yin Engang

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

The PRC, May 18, 2026

As at the date of this notice, the Board of the Company comprises Mr. Pang Songtao as an executive Director; Mr. Yang Changli, Ms. Li Li, Mr. Feng Jian and Mr. Liu Huanbing as non-executive Directors; Mr. Wong Ming Fung, Mr. Li Fuyou and Ms. Xu Hua as independent non-executive Directors.

* *For identification purposes only*

NOTICE OF THE 2026 FIRST EXTRAORDINARY GENERAL MEETING

Notes:

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

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

In order to determine the list of Shareholders who are entitled to attend and vote at the EGM, the Company’s register of members will be closed from Friday, June 12, 2026 to Thursday, June 18, 2026, both days inclusive, during which period no transfer of H Shares of the Company will be effected. The Shareholders whose names appear on the Company’s register of shareholders on Thursday, June 18, 2026 (ie. the record date) shall be entitled to attend and vote at the EGM. In order to be eligible for attending and voting at the EGM, all transfer documents of H Shares together with relevant share certificates and other appropriate documents shall be sent for registration to the H Share Registrar of the Company, namely, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong before 4:30 p.m. on Thursday, June 11, 2026.

- c) Reply slip

The Shareholders who intend to attend and vote at the EGM (in person or by a proxy) shall complete the reply slip enclosed in the circular, and return it for registration by hand, by mail or by fax on or before Thursday, June 11, 2026 to the H Share Registrar of the Company at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong (in case of H Shareholders). Completion and return of the reply slip will not preclude you from attending or voting at the EGM.

- d) Proxy

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

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

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

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

NOTICE OF THE 2026 FIRST EXTRAORDINARY GENERAL MEETING

e) Miscellaneous

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

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

Address of the Company's headquarters in the PRC:

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