



China Yangtze Power Co., Ltd.

Plan for Issuance of Shares, Issuance of  
Convertible Corporate Bonds and Payment of  
Cash to Purchase Assets and Raise  
Counterpart Funds and for Related Party  
Transaction

Item	Name
Counterparties for purchasing assets	China Three Gorges Corporation
	Yangtze Three Gorges Investment Management Co., Ltd.
	Yunnan Provincial Energy Investment Group Co., Ltd.
	Sichuan Energy Investment Group Co., Ltd.
Subscribers of the counterpart funds to be raised	Not more than 35 specific qualified investors

Independent Financial Advisors



**Signing Date: December 2021**

## **Declaration of the Company**

The Company and all the directors, supervisors and senior management of the Company warrant that the contents of this Plan and its summary are true, accurate and complete, and there are no false representations, misleading statements or material omissions, and accept corresponding responsibilities for the truthfulness, accuracy and completeness of the information provided.

In the event that this Transaction is filed for investigation by judiciary organs or CSRC due to any suspected false representation or misleading statement in, or material omission from, the information provided or disclosed, all directors, supervisors and senior management of the Company shall suspend the transfer of their shares (if any) in the Listed Company until any such investigation is concluded.

As of the signing date of this Plan, the audit and assessment related to this Transaction has yet to be completed. Some of the data involved in this Plan has not been audited by an audit firm that meets the requirements of relevant laws and regulations, and investors are advised to use such data cautiously. All directors, supervisors and senior management of the Company warrant the truthfulness and rationality of the data referred to in this Plan. The audited financial data and assessment results of related assets will be disclosed in the Restructuring Report. The final audited financial data, assessment or valuation of related assets may be quite different from those disclosed in the Plan.

Matters referred to in this Plan do not represent any substantive judgement, confirmation or approval from CSRC and Shanghai Stock Exchange regarding the matters related to this Transaction. The effectiveness and completion of the matters relating to this Transaction mentioned in this Plan are subject to further consideration of the board of directors of the Company, the consideration and approval by the general meeting of the Company, and the approval of the competent regulatory

authority.

According to the PRC Securities Law and other relevant laws and regulations, upon the completion of this Transaction, the Company shall be responsible for any changes in its operation and revenue, while the investment risks caused by such changes shall be borne by investors. In evaluating this Transaction of the Company, investors shall take into serious consideration the risk factors disclosed in this Plan, in addition to the contents of this Plan and the relevant documents disclosed together with this Plan. Investors are advised to consult their stockbrokers, lawyers, accountants or other professional consultants if in doubt.

## **Declaration of the Counterparties**

The Counterparties of this Restructuring have issued the letter of commitment regarding the truthfulness, accuracy and completeness of the information and materials provided in the course of this Transaction, to warrant that they will provide information related to this Restructuring in a timely manner, and the relevant information provided by them for this Transaction is true, accurate and complete. They also warrant that there are no false representations, misleading statements or material omissions, and accept responsibilities for the truthfulness, accuracy and completeness of the information provided in accordance with law.

The Counterparties of this Restructuring undertake that, if this Transaction is filed for investigation by judiciary organs or CSRC due to any suspected false representation or misleading statement in, or material omission from, the information provided or disclosed, they shall not transfer the shares and convertible corporate bonds (if any) of the Listed Company in which they have an interest until any such investigation is concluded, and shall, within two trading days upon receipt of the notice of case filing and inspection, submit the written application for suspension of transfer and the stock and convertible corporate bond account to the board of directors of the Listed Company to enable the board of directors to apply to the stock exchange and CSDCC for lock-up on their behalf; and if they fail to submit the application for lock-up within the said two trading days, they shall agree to authorise the board of directors of the Listed Company to submit the identity information and account information of the Counterparties directly to the stock exchange and CSDCC after verification and apply for lock-up. If the board of directors of the Listed Company fails to submit the identity information and account information of the Counterparties to the stock exchange and CSDCC, the Counterparties shall agree to authorise the stock exchange and CSDCC to directly lock up the relevant shares and convertible corporate bonds. The Counterparties undertake that, if the investigation concludes that

they commit violation of laws and regulations, for which they shall bear legal responsibility, the voluntarily locked shares and convertible corporate bonds (if any) shall be used for compensation arrangements in relation to the relevant investors

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## Definitions

In this Plan, unless otherwise stated, the following expressions have the following meanings:

Plan	the plan for issuance of shares, issuance of convertible corporate bonds and payment of cash to purchase assets and raise counterpart funds and for related party transaction of China Yangtze Power Co., Ltd.
Transaction/Restructuring	the purchase of a total of 100% equity interests in Yunchuan Co. by CYPC from CTG, Three Gorges Investment, Yunnan Energy Investment and Sichuan Energy Investment by way of issuance of shares, issuance of convertible corporate bonds (if any) and payment of cash, and its non-public issuance of shares and/or convertible corporate bonds to raise counterpart funds
Material Asset Purchase Agreement	the Material Asset Purchase Agreement among China Three Gorges Corporation, Yangtze Three Gorges Investment Management Co., Ltd., Yunnan Provincial Energy Investment Group Co., Ltd., Sichuan Energy Investment Group Co., Ltd. and China Yangtze Power Co., Ltd.
CYPC/Listed Company/Company	China Yangtze Power Co., Ltd.
Yunchuan Co./Target Company	Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.
Subject of the Transaction/Target Assets	100.00% equity interests of Yunchuan Co.
CTG	China Three Gorges Corporation
Three Gorges Investment	Yangtze Three Gorges Investment Management Co., Ltd.
Yunnan Energy Investment	Yunnan Provincial Energy Investment Group Co., Ltd.
Sichuan Energy Investment	Sichuan Energy Investment Group Co., Ltd.
Restructuring Counterparties	CTG, Three Gorges Investment, Yunnan Energy Investment and Sichuan Energy Investment
Independent Financial Advisors	CITIC Securities Company Limited and Huatai United Securities Co., Ltd.
Articles	the Articles of Association of China Yangtze Power Co., Ltd.
Company Law	the Company Law of the People's Republic of China
Securities Law	The Securities Law of the People's Republic of China
Administrative Measures for Material Asset Restructuring	the Administrative Measures for Material Asset Restructuring of Listed Companies
Administrative Measures for Issuance of Securities	the Administrative Measures for Issuance of Securities by Listed Companies
Standard No. 26	the Standard No. 26 for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public — Material Asset Restructuring of Listed Companies
Provisions on Several Issues	the Provisions on Several Issues concerning Regulating the Material Asset Reorganizations of Listed Companies

Stock Listing Rules	the Rules Governing the Listing of Stocks on Shanghai Stock Exchange
Administrative Measures for the Financial Consultancy Business	the Administrative Measures for the Financial Consultancy Business in the Merger, Acquisition and Reorganization of Listed Companies
Guidelines for Financial Consultancy Services	the Guidelines for Financial Consultancy Services in Significant Asset Restructurings of Listed Companies
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council
Yunnan SASAC	the State-owned Assets Supervision and Administration Commission of the Yunnan Province
Sichuan SASAC	the State-owned Assets Supervision and Administration Commission of the Sichuan Province
CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
RMB	Renminbi

Note: In this plan, the total amount may differ from the direct sum of each item as a result of round off differences rather than data errors.

## **Notice on significant matters**

As of the signing date of this Plan, the audit and assessment related to this Transaction has yet to be completed, and the price at which the Target Assets will be transacted has yet to be determined. The final financial data and assessment results of the Target Assets involved in this Transaction will be determined upon the issuance of the formal audit report and assessment report by the accounting firm and assessment agency that meet the requirements of relevant laws and regulations. The relevant audit, assessment data and final transaction price will be disclosed in the Restructuring Report. Investors are advised to beware of investment risks.

The terms or abbreviations contained in this part shall have the same meanings as those set out in the “Definitions” of this Plan. The Company strongly recommends investors to carefully read the full text of this Plan, with particular attention paid to the following:

### **I. Overview of this transaction plan**

The Listed Company intends to purchase 100% equity interests in Yunchuan Co. held in aggregate by CTG, Three Gorges Investment, Yunnan Energy Investment and Sichuan Energy Investment by way of issuance of shares, issuance of convertible corporate bonds (if any) and payment of cash. Upon the completion of this Transaction, the Listed Company will hold 100% equity interests in Yunchuan Co..

Pursuant to the approval of CTG, Three Gorges Investment transferred its 40% equity interests in Yunchuan Co. to CTG at nil consideration. Following the completion of the transfer at nil consideration, CTG and Three Gorges Investment participated in this Transaction with their 40% and 30% equity interests in Yunchuan Co. respectively. As of the signing date of this Plan, the industrial and commercial registration of changes in relation to the transfer at nil consideration is still in process.

At the same time, the Listed Company intends to raise counterpart funds from not more than 35 specific investors by way of non-public issuance of shares and/or convertible corporate bonds. It is expected that the total amount of funds raised will not exceed 100% of the consideration of the Transaction settled by way of issuance of

shares and convertible corporate bonds (if any), and the number of issued shares (including the number of shares initially converted from convertible corporate bonds issued for raising counterpart funds) will not exceed 30% of the total share capital of the Listed Company before the issuance. The specific use of the raised funds will be determined by negotiation among the parties to the Transaction after the completion of the audit and assessment of the Target Assets, and will be disclosed in the Restructuring Report. The purchase of assets is not subject to the successful raising of counterpart funds. The success or failure of the raising of counterpart funds will not affect the purchase of assets.

The specific payment ratios for the issuance of shares, issuance of convertible corporate bonds (if any) and payment of cash in this Transaction will be determined by negotiation among the parties to the Transaction after the completion of the audit and assessment of the Target Assets, and will be disclosed in the Restructuring Report.

## **II. Payment method for purchasing assets**

Payment for purchasing assets will be made by way of issuing shares and convertible bonds (if any) as well as cash. The proportion and amount of shares, convertible bonds (if any) and cash to be issued or paid to each counterparty in this Transaction have not yet been determined. Relevant information will be determined by negotiation among the parties to the Transaction upon the completion of the audit and valuation work of the Target Assets, and will be disclosed in the Restructuring Report.

### **(I) Specific plan to purchase assets by way of issuing shares**

#### **1. Type of shares, par value and place of listing**

The type of shares to be issued in this Transaction is RMB-denominated ordinary A share, with a par value of RMB1.00 each, which will be listed on SSE.

#### **2. Price Determination Date, pricing principles and issue price**

The Price Determination Date for the issuance of shares to purchase assets refers to the announcement date of the first board resolution of the Listed Company to consider matters related to the Transaction, which is the announcement date of resolution of the 30th meeting of the 5th session of the board of directors.

According to the relevant provisions of the Administrative Measures for Material Asset Restructuring: the price of shares issued by a listed company shall not be less than 90% of the market reference price, which refers to one of the average trading prices of the company's shares for 20, 60 or 120 trading days prior to the Price Determination Date. The formula for calculating the average trading price is: the average trading price of the company's shares for certain trading days prior to the Price Determination Date = the total trading value of the company's shares for certain trading days prior to the date of announcement of resolution ÷ the total trading volume of the company's shares for certain trading days prior to the date of announcement of resolution.

The market reference price that available for the Listed Company to issue shares for purchasing assets are calculated as follows:

Unit: RMB/share

Market Reference Price	Average Trading Price	90% of the Average Trading Price
Last 20 trading days	20.30	18.27
Last 60 trading days	20.74	18.67
Last 120 trading days	20.30	18.27

Upon negotiation among the parties to the Transaction, the Listed Company determined that the issue price for issuing shares to purchase assets will be RMB18.27 per share, which is not less than 90% of one of the average trading prices of the shares of the Listed Company for the 20, 60 and 120 trading days prior to the Price Determination Date.

During the period from the Price Determination Date to the date of share issuance, the issue price will be adjusted accordingly in the event that the Listed Company carries out ex-rights or ex-dividend arrangements such as dividend distribution, bonus issue, share allotment and capitalisation of capital reserve.

### **3. Issuing Targets**

The target of the issuance of shares for purchasing assets includes CTG, Three Gorges Investment, Yunnan Energy Investment and Sichuan Energy Investment.

### **4. Number of shares to be issued**

The number of shares to be issued will be determined based on the following formula:

The number of shares to be issued to the counterparty = the amount of consideration to be paid by way of share issuance in this Transaction  $\div$  the issue price of the share issuance, subject to rounding down to the nearest share. Any fractional part of a share will be transferred to capital reserve. The number of shares to be issued shall be subject to the number of shares finally approved by CSRC.

As of the date of signing this Plan, both the transaction price of the Target Assets and the number of shares to be issued in this Transaction have not been determined.

During the period from the Price Determination Date to the date of issuance, the number of shares to be issued will be adjusted accordingly based on the adjustment of issue price in the event that the Listed Company carries out ex-rights or ex-dividend arrangements such as dividend distribution, bonus issue, share allotment and capitalisation of capital reserve.

## **5. Arrangement for Lock-up period**

The consideration shares acquired by CTG and Three Gorges Investment through this Transaction shall not be transferred for a period of 36 months from the date of completion of the share issuance, save as permitted under applicable laws and regulations. If the closing price of shares of the Listed Company is lower than the issue price for 20 consecutive trading days within 6 months after the completion of the Transaction, or if the closing price is lower than the issue price at the end of 6 months after the completion of the Transaction, the lock-up period of the consideration shares acquired by CTG and Three Gorges Investment through the Transaction will be automatically extended by 6 months on top of the original lock-up period.

The consideration shares acquired by Yunnan Energy Investment and Sichuan Energy Investment through this Transaction shall not be transferred for a period of 12 months from the date of completion of the share issuance, save as permitted under applicable laws and regulations.

Upon the completion of the Transaction, during the lock-up period, the additional shares arising from bonus issues or capitalisation of capital reserve by the

Listed Company apart from the consideration shares acquired by the counterparty through the Transaction shall also be subject to the above-mentioned lock-up arrangement. If CSRC or SSE hold different views on the above lock-up arrangement, the lock-up arrangement will be adjusted and implemented in accordance with the views of CSRC or SSE.

## **(II) Specific plan to purchase assets by way of issuing convertible bonds**

### **1. Type and nominal value of convertible bonds to be issued**

The type of convertible bonds to be issued is convertible bonds which may be converted into the A-shares of the Company, which will be listed on SSE.

Each convertible bond has a nominal value of RMB100, and will be issued at nominal value.

### **2. Issuing method and issuing targets**

The convertible bonds will be issued by way of non-public issuance to designated targets, which consist of CTG, Three Gorges Investment, Yunnan Energy Investment and Sichuan Energy Investment.

### **3. Number of convertible bonds to be issued**

The number of convertible bonds to be issued will be determined based on the following formula:

The number of convertible bonds to be issued to the counterparty = the amount of consideration to be paid by way of issuance of convertible bonds in this Transaction  $\div$  100, subject to rounding down.

As of the date of signing this Plan, both the transaction price of the Target Assets and the number of convertible bonds to be issued in this Transaction have not been determined.

### **4. Initial conversion price and adjustment to conversion price**

The initial conversion price of the convertible bonds to be issued is equal to the issue price of share issuance for purchasing assets, which is RMB18.27 per share.

During the period from the Price Determination Date of the issuance of convertible bonds to the maturity of the convertible bonds, the conversion price will be adjusted accordingly based on the relevant provisions of CSRC and SSE, in the event that the Listed Company carries out ex-rights or ex-dividend arrangements such as dividend distribution, bonus issues, share allotment, capitalisation of capital reserve.

#### **5. Source of conversion shares**

The shares arising from the conversion of convertible bonds will be derived from the shares issued by the Listed Company or treasury shares of the Listed Company resulting from share repurchase.

#### **6. Duration of the bonds**

The term of the convertible bonds is 6 years from the date of completion of the issuance.

#### **7. Conversion period**

The conversion period of the convertible bonds to be issued starts from the first trading day after six months from the date of completion of the issuance and ends on the maturity date of the convertible bonds. During such period, the holders of convertible bonds may exercise the conversion rights in accordance with the agreement.

#### **8. Lock-up period**

The convertible bonds acquired by CTG and Three Gorges Investment through this Transaction shall not be transferred for a period of 36 months from the date of completion of the issuance of convertible bonds, save as permitted under applicable laws and regulations. If the closing price of shares of the Listed Company is lower than the issue price for 20 consecutive trading days within 6 months after the completion of the Transaction, or if the closing price is lower than the issue price at the end of 6 months after the completion of the Transaction, the lock-up period of the convertible bonds acquired by CTG and Three Gorges Investment through this Transaction will be automatically extended by 6 months on top of the original lock-up period. If CTG and Three Gorges Investment convert the above-mentioned convertible bonds into the shares of the Listed Company, the ordinary shares obtained

from the conversion are also subject to the corresponding lock-up arrangement.

The convertible bonds acquired by Yunnan Energy Investment and Sichuan Energy Investment through this Transaction shall not be transferred for a period of 12 months from the date of completion of the issuance of convertible bonds, save as permitted under applicable laws and regulations. If Yunnan Energy Investment and Sichuan Energy Investment convert the above-mentioned convertible bonds into the shares of the Listed Company, the converted shares shall not be transferred for a period of 18 months from the date of completion of the issuance of convertible bonds.

Upon the completion of the Transaction, during the lock-up period, the additional shares arising from bonus issues or capitalisation of capital reserve by the Listed Company apart from the shares acquired by the counterparty resulting from the conversion of the convertible bonds through the Transaction shall also be subject to the above-mentioned lock-up arrangement. If CSRC or SSE hold different views on the above lock-up arrangement, the lock-up arrangement will be adjusted and implemented in accordance with the views of CSRC or SSE.

## **9. Other agreements for share conversion**

The number of shares that are intended to be converted by holders of the convertible bonds shall be an integral number. For the convertible bonds that could not be converted into one share at the time of conversion, the Listed Company will, in accordance with the relevant provisions of SSE and other authorities, redeem the nominal amount of such portion of convertible bonds and the prevailing accrued interest corresponding to such balance in cash within five trading days after the date of conversion by the holders of convertible bonds.

## **10. Other matters**

No guarantee and rating are provided for the convertible bonds to be issued. The terms including coupon rate, term and method of interest payment, repurchase and resale of the convertible bonds in this Transaction are to be determined through negotiation among the parties and will be disclosed in the Restructuring Report. The additional A shares of the Listed Company resulting from the conversion of the convertible bonds to be issued shall rank pari passu with the original A shares, and all ordinary shareholders registered on the register of members on the registration date

for dividend distribution (including those becoming shareholders due to the conversion of the convertible bonds) are entitled to the dividend distribution for the period and enjoy the same rights and interests.

### **III. Arrangement for raising of counterpart funds**

The Listed Company intends to raise counterpart funds from not more than 35 designated investors by way of non-public issuance of shares and/or convertible bonds. The total amount of funds to be raised is expected to not exceed 100% of the transaction consideration to be paid by way of issuance of shares and convertible bonds (if any) in the Transaction. The number of shares to be issued (including the initial number of conversion shares from the conversion of convertible bonds to be issued for raising counterpart funds) shall not exceed 30% of the total share capital of the Listed Company prior to the issuance. The specific use of the funds raised will be determined by negotiation among the parties to the Transaction after the completion of the audit and valuation of the Target Assets, and will be disclosed in the Restructuring Report.

The purchase of assets is not subject to the successful raising of counterpart funds. The success or failure of the raising of counterpart funds will not affect the purchase of assets.

#### **(I) Specific plan to raise counterpart funds by way of non-public issuance of shares**

##### **1. Type of shares, par value and place of listing**

The type of shares to be issued for raising counterpart funds by way of non-public issuance in this Transaction are RMB-denominated ordinary A shares, with a par value of RMB1.00 each, which will be listed on SSE.

##### **2. Price Determination Date, pricing principles and issue price**

The Price Determination Date for the proposed non-public issuance of shares to raise counterpart funds in the Transaction is set on the first day of the non-public issuance of shares. The issue price of shares of the proposed non-public issuance to raise counterpart funds in the Transaction shall not be less than 80% of the average trading price of the company's shares for the 20 trading days prior to the Price

Determination Date. The final issue price will be determined by negotiation among the board of directors of the Listed Company, with the authorisation from the general meeting of shareholders, and the relevant parties, in accordance with the relevant laws, administrative regulations and regulatory documents and based on the status of subscription and quotation of the issuing targets, upon the Transaction has been approved by CSRC.

During the period from the Price Determination Date for the non-public issuance of shares to raise counterpart funds to the date of issuance, the issue price of shares will be adjusted accordingly based on the relevant provisions of CSRC and SSE, in the event that the Listed Company carries out ex-rights or ex-dividend arrangements such as dividend distribution, bonus issues, share allotment, capitalisation of capital reserve.

### **3. Issuing targets**

The Listed Company intends to raise counterpart funds from not more than 35 designated investors by way of non-public issuance of shares and/or convertible bonds.

### **4. Issue size and number to be issued**

The total amount of counterpart funds to be raised is expected to not exceed 100% of the transaction consideration to be paid by way of issuance of shares and convertible bonds (if any) in this Transaction. The number of shares to be issued (including the initial number of conversion shares from the conversion of convertible bonds to be issued for raising counterpart funds) shall not exceed 30% of the total share capital of the Listed Company prior to the issuance. The final number of shares to be issued for raising counterpart funds will be determined in accordance with the relevant provisions of the Administrative Measures for Issuance of Securities and the results of the inquiry upon obtaining approval by CSRC.

During the period from the Price Determination Date for the issuance of shares to raise counterpart funds to the date of issuance, the number of shares to be issued will be adjusted accordingly based on the adjustment to issue price in the event that the Listed Company carries out ex-rights or ex-dividend arrangements such as dividend distribution, bonus issues, share allotment, capitalisation of capital reserve.

## **5. Arrangement for Lock-up period**

The Listed Company intends to raise counterpart funds from not more than 35 designated investors by way of non-public issuance of shares and/or convertible bonds. The shares subscribed by the designated investors shall not be transferred in any way within 6 months from the date of completion of the issuance. Upon the completion of the non-public issuance of shares to raise counterpart funds, the additional shares of the Listed Company acquired due to bonus issue or capitalisation of capital reserve to which the subscribers of the counterpart funds are entitled in view of the Transaction shall also be subject to the above-mentioned lock-up arrangement. In the event that the provisions of the lock-up arrangement for the shares subscribed in this counterpart fund raising are not in line with the latest regulations of the securities regulatory authorities, the Company and the subscribers will adjust and implement the arrangement accordingly in accordance with the regulations of the relevant securities regulatory authorities.

## **(II) Specific plan to raise counterpart funds by way of non-public issuance of convertible bonds**

### **1. Type and nominal value of convertible bonds to be issued**

The type of convertible bonds to be issued by way of non-public issuance to raise counterpart funds is convertible bonds which may be converted into the A shares of the Company, which will be listed on SSE.

Each convertible bond has a nominal value of RMB100, and will be issued at nominal value.

### **2. Issuing method and issuing targets**

The Listed Company intends to raise counterpart funds from not more than 35 designated investors by way of non-public issuance of shares and/or convertible bonds.

### **3. Issue size and number to be issued**

The total amount of counterpart funds to be raised is expected to not exceed 100% of the transaction consideration to be paid by way of issuance of shares and convertible bonds (if any) in this Transaction. The number of shares to be issued

(including the initial number of conversion shares from the conversion of convertible bonds to be issued for raising counterpart funds) shall not exceed 30% of the total share capital of the Listed Company prior to the issuance. The final number of shares to be issued in the non-public issuance of convertible bonds for raising counterpart funds will be determined by the board of directors of the Listed Company with the authorisation from the general meeting of shareholders and depending on the actual circumstance at the time of issuance, upon the Transaction has been approved by CSRC.

#### **4. Initial conversion price and adjustment to conversion price**

The initial conversion price of the convertible bonds shall not be less than the average trading price of the issuer's shares for the last 20 trading days preceding the issuance of the subscription invitation and the average trading price for the previous trading day, and shall be determined by negotiation among the board of directors of the Listed Company, with the authorisation from the general meeting of shareholders, and the lead underwriter prior to the issuance, in accordance with the national policies, market conditions and the specific circumstance of the Listed Company. In the event that relevant policy guidelines on the pricing method of convertible bonds are introduced by the relevant regulatory authorities in the future, the conversion price will also be subject to such policy guidelines.

During the period from the Price Determination Date of the non-public issuance of convertible bonds for raising counterpart funds to the maturity of the convertible bonds, the conversion price will be adjusted accordingly based on the relevant provisions of CSRC and SSE, in the event that the Listed Company carries out ex-rights or ex-dividend arrangements such as dividend distribution, bonus issues, share allotment, capitalisation of capital reserve.

#### **5. Source of conversion shares**

The shares arising from the conversion of convertible bonds to be issued for raising counterpart funds will be derived from shares issued by the Listed Company or treasury shares of the Listed Company resulting from share repurchase.

#### **6. Duration of the bonds**

The term of the convertible bonds to be issued for raising counterpart funds is 6

years from the date of completion of issuance.

## **7. Conversion period**

The conversion period of the convertible bonds to be issued for raising counterpart funds starts from the first trading day after six months from the date of completion of the issuance and ends on the maturity date of the convertible bonds. During such period, the holders of convertible bonds may exercise the conversion rights in accordance with the agreement.

## **8. Lock-up period**

The convertible bonds subscribed by investors in the counterpart fund raising will not be transferred within 6 months from the completion date of the issuance. The shares converted from the convertible bonds will not be transferred within 18 months from the completion date of the issuance of the convertible bonds.

If CSRC or SSE hold different views on the above lock-up arrangement, the above lock-up arrangement will be adjusted and implemented in accordance with the views of CSRC or SSE.

## **9. Other agreements for share conversion**

The number of shares that are intended to be converted by holders of the convertible bonds shall be an integral number. For the convertible bonds that could not be converted into one share at the time of conversion, the Listed Company will, in accordance with the relevant provisions of SSE and other authorities, redeem the nominal amount of such portion of convertible bonds and the prevailing accrued interest corresponding to such balance in cash within five trading days after the date of conversion by the holders of convertible bonds.

## **10. Other matters**

No guarantee and rating are provided for the convertible bonds to be issued for raising counterpart funds. The terms including coupon rate, term and method of interest payment, repurchase and resale of the convertible bonds in this Transaction are to be determined through negotiation between the parties and will be disclosed in the Restructuring Report. The additional A shares of the Listed Company resulting from the conversion of the convertible bonds to be issued for raising counterpart

funds in this Transaction rank pari passu with the original A shares, and all ordinary shareholders registered on the register of members on registration date for dividend distribution (including those becoming shareholders due to the conversion of the convertible bonds) are entitled to the dividend distribution for the period and enjoy the same rights and interests.

#### **IV. This Transaction is expected to constitute a material asset restructuring**

Based on the preliminary estimation of the unaudited financial data of the Target Company in the Transaction, the total assets of the Target Company as of 30 September 2021 will account for more than 50% of the total assets of the audited consolidated financial statements of the Listed Company in 2020. It is expected that the Transaction will meet the criteria for material asset restructuring as stipulated in the Administrative Measures for Material Asset Restructuring, thus constituting a material asset restructuring of the Listed Company. The Company will analyse and disclose in detail in the Restructuring Report whether the Transaction constitutes a material asset restructuring.

#### **V. This Transaction constitutes a related party transaction**

CTG, the counterparty of this Transaction, is the controlling shareholder of the Listed Company. Three Gorges Investment is a wholly-owned subsidiary of CTG, the controlling shareholder of the Listed Company. Zong Renhuai, a director of the Company, is a member of senior management of Sichuan Energy Investment. According to the relevant provisions of the Stock Listing Rules, CTG, Three Gorges Investment, Sichuan Energy Investment are all related parties to the Listed Company. Therefore, this Transaction constitutes a related party transaction.

The related directors have abstained from voting on the resolutions related to this Transaction in the board meeting of the Listed Company. The related shareholders will also abstain from voting on the resolutions related to this Transaction in the general meeting.

#### **VI. The Transaction does not constitute a reorganization and listing**

During the 36 months prior to this Transaction, there has been no change in the de facto controller of the Listed Company. Before and after this Transaction, the controlling shareholder of the Listed Company was CTG, and the de facto controller

was SASHA for the last 36 months. Thus, this Transaction will not result in a change in the de facto controller of the Listed Company.

Pursuant to the relevant provisions of the Administrative Measures for Material Asset Restructuring, this Transaction does not constitute a reorganization and listing under Article 13 of the Administrative Measures for Material Asset Restructuring.

## **VII. Appraisal and valuation of the Target Assets**

As of the date of signing this Plan, the audit and valuation work involved in this Transaction has not been completed. The specific transaction consideration for the Target Assets in the Transaction will be determined by the parties to the Transaction through negotiation, based on the valuation results of the Target Assets issued by an asset appraisal agency that meets the requirements of relevant laws and regulations and confirmed by filing of the valuation report to the competent state-owned assets supervision and administration authority, and agreed by the parties by agreement.

The audited financial statistics, asset valuation results, and appraisal of the Target Assets will be disclosed in the Restructuring Report for investors' information.

## **VIII. Impact of the Transaction on the Listed Company**

### **(I) Impact of the Transaction on the primary business of the Listed Company**

Prior to this Transaction, the Listed Company was primarily engaged in giant hydropower operation, and managed and operated six giant hydropower stations, such as Three Gorges, Gezhouba, Xiluodu, Xiangjiaba, Wudongde and Baihetan (including the Wudongde and Baihetan hydropower stations currently entrusted to the Company), As of 30 September 2021, the Company has a total holding installed capacity of 45,595,000 kilowatts (excluding the Wudongde and Baihetan hydropower stations currently entrusted to the Company), which is among the top companies in the global hydropower industry. The Yunchuan Co. to be acquired in this Transaction is the entity that invests in, and operates, the two hydropower stations in Wudongde and Baihetan. Wudongde hydropower station has an approved installed capacity of 10,200,000 kilowatts and is in full operation, while Baihetan hydropower station has an approved installed capacity of 16,000,000 kilowatts and some units are currently in

operation.

Upon the completion of this Transaction, the Listed Company will own 6 giant cascade hydropower stations on the mainstream of Yangtze River, and the total holding installed capacity will increase to 71,795,000 kilowatts, representing an increase of 57.46%. Before and after this Transaction, the holding hydropower installed capacity of the Company are shown below:

Type/Name of hydropower station	Holding installed capacity of the Listed Company before this Transaction ('0000 kilowatts)	Holding installed capacity of the Listed Company after this Transaction ('0000 kilowatts)
<b>Mainland:</b>	<b>4,549.5</b>	<b>7,169.5</b>
Three Gorges	2,250.0	2,250.0
Gezhouba	273.5	273.5
Xiluodu	1,386.0	1,386.0
Xiangjiaba	640.0	640.0
Wudongde	-	1,020.0
Baihetan	-	1,600.0
<b>Foreign:</b>	<b>10.0</b>	<b>10.0</b>
<b>Total</b>	<b>4,559.5</b>	<b>7,179.50</b>

Note: "Holding installed capacity" refers to the total installed capacity of the hydropower stations wholly owned or controlled by the Company.

The Listed Company will remain engaged in electricity generation, operation and investment as its core business, and there is no significant change in its primary business. The joint dispatching capacity of the Listed Company in the Yangtze River basin will be further enhanced, which will be conducive to promoting the Listed Company to expand and strengthen its hydropower business, highlighting its influence in hydropower industry and consolidating its position as a world hydropower giant.

## **(II) The impact of this Transaction on the profitability of Listed Company**

Upon the completion of this Transaction, Yunchuan Co. will be consolidated into the Listed Company. The Listed Company is expected to be improved in terms of asset size and profitability, and thereby further consolidating its industry position and

enhancing its core competitiveness.

On 24 November 2021, the Central Comprehensively Deepening Reforms Commission issued the Guidance on Accelerating the Construction of National Unified Electricity Market System, pointing out the needs to facilitate the building of an electricity market mechanism that adapts to the transformation of energy structure and orderly promote market transactions in new energy. It also advocates power planning and effective investment in a scientific manner in a bid to provide support to the transition to clean and low-carbon energy in the power market. At the backdrop of power mechanism reform, the Listed Company increases its installed hydropower capacity by acquiring high quality hydropower assets and focusing on low-carbon clean energy, which will be conducive to enhancing its profitability and sustainability.

The audit and valuation work related to this Transaction has not been finalized. The Company will finalize the audit and valuation work as soon as possible after the issuance of this Plan and reconvene a board meeting to vote on this Transaction. The Restructuring Report will set out a detailed analysis regarding the specific impact of this Transaction on the financial position and profitability of the Company.

### **(III) Impact of the Transaction on the shareholding structure of the Listed Company**

Prior to this Transaction, CTG and SASAC were the controlling shareholder and de facto controller of the Listed Company, respectively. Upon the completion of this Transaction, CTG and SASAC will remain the controlling shareholder and de facto controller of the Listed Company, respectively. The Transaction will not result in a change in the controlling shareholder or the de facto controller of the Listed Company, nor will it result in the shareholding structure of the Company not meeting the listing conditions of SSE.

Given that the transaction price of the Target Assets in this Restructuring has not yet been determined, the changes in equity before and after this Transaction could not be calculated yet. Regarding the specific changes in equity before and after the Transaction, the Company will reconvene a board meeting to vote on this Transaction upon the completion of the audit and valuation work. The Restructuring Report will set out a detailed analysis regarding the changes in equity before and after this

Transaction.

## **IX. Necessary Approval Procedures for Implementation of this Transaction**

### **(I) Decision-making process that has been performed for this Transaction**

1. This Transaction has been considered and approved at the 30th meeting of the fifth session of Board of Directors of the Listed Company;

2. This Transaction has been considered and approved by the internal decision-making bodies of Three Gorges Investment, Yunnan Energy Investment and Sichuan Energy Investment;

3. This Transaction has been considered and approved by the internal decision-making bodies of CTG.

### **(II) Authorization and approval to be obtained for this Transaction**

1. Filing of results of asset valuation in relation to this Transaction with the authority competent for supervision and administration of state-owned assets;

2. Consideration and approval of the transaction plan by the Listed Company in another meeting of the Board of Directors;

3. Approval of this Transaction by the authority competent for supervision and administration of state-owned assets;

4. Consideration and approval of the transaction plan at the general meeting of the Listed Company;

5. Approval of this Transaction by CSRC;

6. Other approval, ratification, filing or permission that may be involved as required by the relevant laws and regulations.

## **X. Significant commitments made by the parties involved in this Transaction**

<b>Commitment maker</b>	<b>Commitment name</b>	<b>Main content of commitment</b>
Listed Company	Letter of commitment on the truthfulness, accuracy and completeness of the information provided	1. The Company warrants that the relevant information provided for the intermediaries involved in this Transaction is true, accurate and complete, and does not contain any false representations, misleading statements or material omissions, and that the Company accepts

Commitment maker	Commitment name	Main content of commitment
		<p>corresponding legal responsibilities for the truthfulness, accuracy and completeness of such information;</p> <p>2. The Company warrants that all the materials provided for the intermediaries involved in this Transaction are true, accurate and complete originals or copies thereof, and the copies are consistent with their originals; and that signatures and seals on all documents are authentic, and the documents do not contain any false representations, misleading statements or material omissions;</p> <p>3. The Company warrants that the explanations and confirmations issued for this Transaction are true, accurate and complete, and do not contain any false representations, misleading statements or material omissions;</p> <p>4. The Company warrants that the relevant contents of the documents issued by our company and the references cited by intermediaries of this Transaction in the application documents have been reviewed by the Company, and acknowledges that citation of such contents does not cause the application documents of this Transaction to contain any false representations, misleading statements or material omissions;</p> <p>5. The Company is aware of the possible legal consequences of the above commitments, and it accepts legal responsibility for any violation of the above commitments in accordance with the laws.</p>
	Declaration and letter of commitment on non-violation of laws and regulations	<p>1. The Company and its current directors, supervisors and senior management are not under investigation by judicial organs for suspected crimes or by China Securities Regulatory Commission for suspected violations of laws and regulations.</p> <p>2. The Company has neither been subject to administrative penalties (except for those obviously unrelated to the securities market) or criminal penalties nor been involved in major civil litigation or arbitration related to economic disputes in the last three years. The Company has neither been publicly condemned by the stock exchange nor engaged in any other material dishonest behavior in the last twelve months.</p>

Commitment maker	Commitment name	Main content of commitment
		<p>3. The current directors, supervisors and senior management of the Company have neither been subject to administrative penalties (except for those obviously unrelated to the securities market) or criminal penalties nor been involved in major civil litigation or arbitration related to economic disputes in the last three years.</p>
	Letter of commitment on certain matters of this Transaction	<p>1. In the last twelve months, the Company has not provided external guarantee in violation of regulations, or funds of the Company have not been occupied by the controlling shareholders and de facto controllers of the Listed Company and other enterprises under their control by way of borrowing, debt assumption, advancing or any other means.</p> <p>2. The Company warrants that it has fulfilled its statutory obligations of information disclosure and reporting in this Transaction according to law, the information disclosure and reporting are legal and valid, and that there are no contracts, agreements, arrangements or other matters that should be disclosed but are not disclosed.</p> <p>3. The Company undertakes that no insider information related to the asset restructuring is disclosed and that no insider trading is conducted on basis of information of this Transaction.</p> <p>4. The Company does not otherwise seriously damage the legitimate rights and interests of investors and social and public interests.</p> <p>The Company will be legally liable for any loss of other parties connected with this Transaction incurred due to violation of the said commitment.</p>
All directors, supervisors and senior management of the Listed Company	Letter of commitment on the truthfulness, accuracy and completeness of the information provided	<p>1. I warrant that the relevant information provided for the Listed Company and intermediaries involved in this Transaction is true, accurate and complete, and does not contain any false representations, misleading statements or material omissions, and that I accept corresponding legal responsibilities for the truthfulness, accuracy and completeness of such information;</p> <p>2. I warrant that all the materials provided for the Listed Company and intermediaries involved in this Transaction are true,</p>

Commitment maker	Commitment name	Main content of commitment
		<p>accurate and complete originals or copies thereof, and the copies are consistent with their originals; and that signatures and seals on all documents are authentic, and the documents do not contain any false representations, misleading statements or material omissions;</p> <p>3. I warrant that the explanations and confirmations issued for this Transaction are true, accurate and complete, and do not contain any false representations, misleading statements or material omissions;</p> <p>4. I warrant that the relevant contents of the documents issued by me and the references cited by intermediaries of this Transaction in the application documents have been reviewed by me, and acknowledges that citation of such contents does not cause the application documents of this Transaction to contain any false representations, misleading statements or material omissions;</p> <p>5. If this Transaction is file for investigation by judicial organs or China Securities Regulatory Commission due to any suspected false representation or misleading statement in, or material omission from, the information provided or disclosed, I will suspend the transfer of any share I hold in the Listed Company (if any) until any such investigation is concluded. I will, within two trading days upon receipt of the notice of case filing and inspection, submit the written application for suspension of transfer and the stock account to the board of directors of the Listed Company to enable the board of directors to apply to Shanghai Stock Exchange ("SSE") and China Securities Depository and Clearing Corporation Limited Shanghai Branch ("CSDCC") for lock-up on my behalf; and if I fail to submit the application for lock-up within the said two trading days, I authorise the board of directors of the Listed Company to submit my identity information and account information directly to SSE and CSDCC after verification and apply for lock-up. If the board of directors of the Listed Company fails to submit my identity information and account information to</p>

Commitment maker	Commitment name	Main content of commitment
		<p>SSE and CSDCC, I authorise SSE and CSDCC to directly lock up the relevant shares. I undertake that, if the investigation concludes that I commit violation of laws and regulations, for which I shall bear legal responsibility, the locked shares will be used for compensation arrangements in relation to the relevant investors;</p> <p>6. I am aware of the possible legal consequences of the above commitments, and I accept legal responsibility for any violation of the above commitments in accordance with the laws.</p>
	Letter of commitment on having no intention to reduce shareholding	<p>From the date of resumption of trading to the completion of this Transaction, I no intention to reduce my shareholdings, and will not reduce my shareholdings in the Listed Company. The said shares include the shares (if any) held by myself in the Listed Company before this Transaction and the derivative shares (if any) formed in the said period due to the Listed Company's bonus issue, conversion of capital reserve into share capital, etc.</p> <p>The above commitments are true, accurate and complete, and do not contain any false representations, misleading statements or material omissions. This letter of commitment shall take effect from the date of my signature. If any loss suffered by the Listed Company due to my violation of such commitments, I accept the corresponding legal responsibility in accordance with the law.</p>
	Declaration and letter of commitment on non-violation of laws and regulations	<p>1. I am not under investigation by judicial organs for suspected crimes or by China Securities Regulatory Commission for suspected violations of laws and regulations;</p> <p>2. I have neither been subject to administrative penalties (except for those obviously unrelated to the securities market) or criminal penalties nor been involved in major civil litigation or arbitration related to economic disputes in the last three years.</p> <p>3. I have neither been subject to administrative punishment by China Securities Regulatory Commission in the last 36 months nor been publicly condemned by the stock exchange in the</p>

Commitment maker	Commitment name	Main content of commitment
		last 12 months.
	Letter of commitment on certain issues of the Transaction	<p>1. During my tenure as a director, supervisor or senior management of the Listed Company, I strictly comply with the laws, administrative regulations and the Articles of Association, remain loyal and diligent to the Company, and do not violate the Articles 147 and 148 of the Company Law;</p> <p>2. I guarantee that the Listed Company and I have fulfilled statutory obligations of information disclosure and reporting in the Transaction in accordance with the law, the information disclosure and reporting are legal and valid, and that there are no contracts, agreements, arrangements or other matters that should be disclosed but are not disclosed;</p> <p>3. I undertake that no insider information related to the Transaction is disclosed and that no insider trading is conducted on basis of information relating to the Transaction.</p>
Controlling shareholder and party acting in concert of the Listed Company	Letter of commitment on having no intention to reduce shareholding	From the date of resumption of trading to the completion of this Transaction, our company has no intention to reduce its shareholdings, and except for the passive reduction of shareholding due to the exchange of exchangeable corporate bonds approved by the regulatory authorities, and the addition of new guaranteed shares due to the replacement of cash dividends by exchangeable corporate bonds, our company will not take the initiative to reduce its shareholdings in the Listed Company. The said shares include the shares held by our company in the Listed Company before this Transaction and the derivative shares formed during the said period due to the dividend distribution and the conversion of capital reserve to share capital of the Listed Company.
	Letter of commitment regarding certain issues of this Transaction	<p>1. Our company has never seriously damaged the rights and interests of the Listed Company and there is no such situation which has not yet been eliminated;</p> <p>2. Our company has fulfilled its confidentiality obligations for the information relating to this Transaction it has been aware of, and there is no illegal activity such as using such information to engage in insider trading or manipulation</p>

Commitment maker	Commitment name	Main content of commitment
		<p>of the securities market;</p> <p>3. Our company has not been investigated by judicial organs for suspected crimes or by the China Securities Regulatory Commission for suspected violations of laws and regulations; it has neither received administrative penalties within the last 36 months (except for those that are clearly unrelated to the securities market ) or criminal penalties, nor has been publicly condemned by the stock exchange in the last twelve months; it has no behavior of failure to fulfill its public commitments made to the Listed Company and investors within the past twelve months; it has no other major violation of laws and regulations or major breach of its commitments.</p>
Yunchuan Co.	Letter of commitment regarding the truthfulness, accuracy and completeness of the information provided	<p>1. Our company has provided information and documents relating to this transaction to the Listed Company and intermediaries that provide audit, evaluation, legal and financial advisory services for this Transaction in a timely manner, including but not limited to assets, liabilities, historical development, related titles, business status, personnel and other information that should be disclosed; there are no contracts, agreements, arrangements or other matters that should be disclosed but not disclosed;</p> <p>2. Our company guarantees that the copies or photocopies of the documents provided are consistent with the originals, and that the signatures and seals of these documents are true, and the signatories of the application documents have legally authorized and effectively signed such documents;</p> <p>3. Our company guarantees that the information provided in connect with this Transaction is true, accurate and complete, and does not contain any false representations, misleading statements or material omissions, and our company will bear legal responsibilities for the truthfulness, accuracy and completeness of such information. If losses are caused to the Listed Company or investors due to false representations, misleading statements or material omissions involved in such information, our company will be liable for</p>

Commitment maker	Commitment name	Main content of commitment
		<p>compensation in accordance with the law;</p> <p>4. Depending on the process of this Transaction, our company will provide and disclose information relating to this Transaction to the Listed Company in a timely manner in accordance with relevant laws, administrative regulations, departmental rules, regulatory documents and relevant provisions of the China Securities Regulatory Commission and the stock exchange, and ensure that the information provided is true, accurate and complete. If losses are caused to the Listed Company or investors due to false representations, misleading statements or material omissions involved in such information, our company will bear legal responsibility in accordance with the law;</p> <p>5. Our company guarantees that the information provided for this Transaction is true, accurate and complete, and does not contain any false representations, misleading statements or material omissions, and our company will bear legal responsibilities for the truthfulness, accuracy and completeness of the information provided. If losses are caused to the Listed Company or investors, our company will be liable for compensation in accordance with the law.</p>
Three Gorges Group, Three Gorges Investment, Yunnan Energy Investment, Sichuan Energy Investment	Letter of commitment regarding the truthfulness, accuracy and completeness of the information provided	<p>1. Our company guarantees that it will provide information relating to this Transaction to the Listed Company in a timely manner, and the information disclosed or provided in this Transaction is true, accurate and complete, and does not contain any false representations, misleading statements or material omissions, and our company will bear legal responsibilities for the truthfulness, accuracy and completeness of the information provided. If losses are caused to the Listed Company or investors due to false representations, misleading statements or material omissions involved in such information, our company will be liable for compensation in accordance with the law;</p> <p>2. Our company guarantees that the information provided to the intermediaries participating in this Transaction is true and original written information or duplicate information, and the duplicate or</p>

Commitment maker	Commitment name	Main content of commitment
		<p>photocopy of such information is consistent with the originals, and is accurate and complete, and that the signatures and seals of these documents are true, and the signatories of the application documents have legally authorized and effectively signed such documents; there are no false representations, misleading statements or material omissions; and that our company has fulfilled its statutory disclosure and reporting obligations, and there are no contracts, agreements, arrangements or other matters that should be disclosed but not disclosed; In case of violation of the above undertakings, our company will bear legal responsibilities in accordance with the law;</p> <p>3. Our company guarantees that the description and confirmation issued by us in connection with this Transaction are true, accurate and complete, and does not contain any false representations, misleading statements or material omissions;</p> <p>4. Our company guarantees that the documents issued by our company and the relevant contents of such documents cited in the application documents by the intermediary agencies of this Transaction have been reviewed by our company, and confirms that the application documents of this Transaction will not cause false representations, misleading statements or material omissions due to the quotation of the above contents;</p> <p>5. If this Transaction is filed for investigation by judicial organs or China Securities Regulatory Commission due to any suspected false representation or misleading statement in, or material omission from, the information provided or disclosed by us, our company will not transfer the shares and convertible corporate bonds (if any) it held in the Listed Company at that time until the conclusion of the investigation is formed, and will submit the written application for the suspension of transfer and the account of stocks and convertible corporate bonds to the board of directors of the Listed Company within two trading days upon receipt of the notice of investigation, and</p>

Commitment maker	Commitment name	Main content of commitment
		<p>then the board of directors of the Listed Company will make a lock-up application to the stock exchange and CSDCC on behalf of our company; If our company fails to submit a lock-up application within two trading days, our company agrees to authorize the board of directors of the Listed Company to directly submit the identity information and account information of our company to the stock exchange and CSDCC and make a lock-up application after the verification; If the board of directors of the Listed Company fails to submit the identity information and account information of our company to the stock exchange and CSDCC, our company agrees to authorize the stock exchange and CSDCC to directly lock the relevant shares and convertible corporate bonds. If the investigation concludes that there is any violation of laws and regulations and our company is liable, our company undertakes to use the lock-up shares and convertible corporate bonds (if any) for compensation arrangements for relevant investors.</p> <p>6. Our company guarantees that it will be legally liable for all loss caused to the relevant parties due to the violation of the above undertakings.</p>
Three Gorges Group	Letter of commitment on guaranteeing the independence of the Listed Company	<p>After the completion of the Transaction, our company undertakes that it will be completely separated from the Listed Company in terms of personnel, assets, business, institutions and finance, will not engage in any behavior that affects the independence of personnel, assets, business, institutions, and finance of the Listed Company, will not harm the interests of the Listed Company and other shareholders, and effectively protect the independence of the Listed Company in terms of personnel, assets, business, institutions, and finance in accordance with the requirements of relevant laws, regulations and regulatory documents.</p> <p>(1) Guaranteeing the independence of personnel of the Listed Company</p> <p>1. Our company guarantees that the senior management of the Listed Company all hold full-time positions in and receive remuneration from the Listed Company, and have not held any position (except for</p>

Commitment maker	Commitment name	Main content of commitment
		<p>directors, supervisors and party positions) in our company and other entities under its control.</p> <p>2. Our company guarantees that the directors, supervisors and senior managers of the Listed Company are elected, replaced, appointed or dismissed in accordance with laws, regulations, regulatory documents and the Articles, and that the above-mentioned personnel appointment and removal of Listed Company shall not be illegally interfered with by circumventing the board of directors and the general meeting.</p> <p>3. Our company guarantees that the personnel relations and labor relations of the Listed Company are independent of our company and other entities under its control.</p> <p>(2) Guaranteeing the assets independence and integrity of the Listed Company</p> <p>1. Our company guarantees that the Listed Company and its controlled subsidiaries have independent and complete assets.</p> <p>2. Our company guarantees that it will not improperly appropriate the funds, assets and other resources of the Listed Company in violation of the laws and regulations except for normal business transactions.</p> <p>(3) Guaranteeing the financial independence of the Listed Company</p> <p>1. Our company guarantees that the Listed Company has an independent financial department and financial accounting system, as well as a standardized and independent financial accounting system.</p> <p>2. Our company guarantees that the Listed Company will open an account in a bank independently and will not share a bank account with our company.</p> <p>3. Our company guarantees that the financial officers of the Listed Company will not work part-time in or receive remuneration from our company and other entities under its control.</p> <p>4. Our company guarantees that the Listed Company can make independent financial decisions and that our company will not interfere with the use of funds of the Listed Company.</p> <p>(4) Guaranteeing the institutional independence of the Listed Company</p>

Commitment maker	Commitment name	Main content of commitment
		<p>1. Our company guarantees that the Listed Company has a sound corporate governance structure, independent and complete organizational structure, and is completely separated from the organization of Company; the Listed Company is completely separated from our company and other entities under its control in terms of office organization and production and business premises.</p> <p>2. Our company guarantees that the general meeting, board of directors, independent directors, supervisory committee, general manager, etc. of the Listed Company will independently exercise their powers in accordance with laws, regulations and the Articles, and that our company will not directly or indirectly interfere with the decision-making and operation of the Listed Company by circumventing the general meeting.</p> <p>(5) Guaranteeing the business independence of the Listed Company</p> <p>1. Our company guarantees that the Listed Company has the assets, personnel, qualifications and capabilities to independently carry out business activities, and has the ability to carry out independent and sustainable operations in the market.</p> <p>2. Our company guarantees that it will not interfere with the business activities of the Listed Company except as a result of the exercise of shareholders' rights.</p> <p>3. Our company guarantees that it will maintain business independence with the Listed Company after the completion of the issuance, and that it will not conduct related party transactions that constitute substantive competition or are unfair.</p>
	Description of related relationships and letter of commitment on regulating and reducing related party transactions	<p>1. Our company is the controlling shareholder of the Listed Company and Yangtze Three Gorges Investment Management Co., Ltd. ("Three Gorges Investment"), one of the counterparties of this Transaction, and therefore is a related party of the Listed Company and Three Gorges Investment according to the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Shanghai Stock Exchange Stock Listing Rules. Except for the foregoing, there is no related</p>

Commitment maker	Commitment name	Main content of commitment
		<p>relationship between our company and the securities service institutions such as independent financial advisers, asset appraisal agencies, accounting firms, law firms and other counterparties other than Three Gorges Investment involved in this Transaction;</p> <p>2. Our company and other entities under its control will exercise the rights of our directors and shareholders in accordance with the Company Law and other relevant laws and regulations, the Articles of Association of the Listed Company and the decision-making system for related transactions and other relevant provisions; and will perform the obligation to avoid voting when voting on related party transactions involving our company at the meeting of the board of directors and the general meeting of shareholders;</p> <p>3. After the completion of this Transaction, our company and other entities under its control and the Listed Company will minimize and avoid related party transactions. When conducting related party transactions that are really necessary and cannot be circumvented, we undertake that we will conduct such transaction in accordance with market principles and fair prices, and will perform related party transaction procedures and information disclosure obligations in accordance with relevant laws, regulations, rules and other regulatory documents and the Articles of Association of the Listed Company. Our company guarantees that it will not damage the legitimate rights and interests of the Listed Company and other shareholders through related party transactions;</p> <p>4. Our company undertakes that it will not use the status of being the controlling shareholder of the Listed Company to harm the legitimate interests of the Listed Company and other shareholders;</p> <p>5. Our company will eliminate the occupation of the funds and assets of the Listed Company for non-operating purposes; without the approval of the shareholders meeting, will not require the Listed Company to provide any form of guarantee to our company and other entities under its control;</p>

Commitment maker	Commitment name	Main content of commitment
		6. These commitments shall become effective once made, and shall remain valid and shall not be changed or revoked since our company holds the shares of the Listed Company and is recognized as a related party of the Listed Company in accordance with relevant regulations.
	Letter of commitment on matters related to avoiding competition with the Listed Company	<p>1. Our company and other entities under its direct or indirect control are not currently engaged in business that constitutes substantial competition with the main business of Yangtze Power, nor are they themselves or on behalf of others engaged directly or through investment holding, equity participation, joint venture, associates or other forms any business that constitutes substantive competition with the main business of Yangtze Power;</p> <p>2. Our company undertakes that it will not directly or indirectly engage in, participate in or assist others in any form (including but not limited to by itself or through joint venture, cooperation, associates, investment, merger, entrusted operation, etc.) in any business or other business activities that constitute substantive competition with the business of the Listed Company and its subsidiaries, and that it will do its best to procure other entities under its control to comply with the same obligations as our company undertook, so as to avoid substantive competition between our company and other entities under its control and the Listed Company and its subsidiaries;</p> <p>3. Our company guarantees that it will be liable for compensation for losses suffered or expenses incurred by the Listed Company and its subsidiaries due to the breach of its undertaking.</p>
CTG and Three Gorges Investment	Letter of commitment on subscription of shares and lock-up period of convertible corporate bonds	Our company undertakes that it will not transfer the consideration shares obtained through this Transaction within 36 months from the ending date of issuance under this Transaction (the "Share Lock-up Period"), unless the transfer is permitted by applicable laws and regulations. If the closing price of shares of the Listed Company for 20 consecutive trading days is lower than the issue price of shares subscribed by our company under this Transaction within 6 months after

Commitment maker	Commitment name	Main content of commitment
		<p>completion of this Transaction, or if the closing price at the end of 6 months following completion of this Transaction is lower than the issue price of shares subscribed by our company under this Transaction, our company voluntarily agrees that the lock-up period of the consideration shares obtained through this Transaction will be automatically extended for 6 months based on the original lock-up period.</p> <p>After completion of this Transaction, and during the share lock-up period, additional shares of the Listed Company acquired by our company through this Transaction, and shares correspondingly added for such reasons as bonus share and capitalization of the Listed Company shall also be subject to the aforementioned share lock-up arrangement.</p> <p>Our company undertakes that it will not transfer the convertible corporate bonds obtained through this Transaction (if any) within 36 months from the ending date of issuance of the convertible corporate bonds, unless the transfer is permitted by applicable laws and regulations. If the closing price of shares of the Listed Company for 20 consecutive trading days is lower than the issue price of shares subscribed under this Transaction within 6 months after completion of this Transaction, or if the closing price at the end of 6 months following completion of this Transaction is lower than the issue price of shares subscribed under this Transaction, our company voluntarily agrees that the lock-up period of the convertible corporate bonds obtained through this Transaction will be automatically extended for 6 months based on the original lock-up period. If our company converts such convertible corporate bonds into shares of the Listed Company, the ordinary shares obtained by our company through such conversion will also be subject to the corresponding lock-up period arrangement.</p> <p>After completion of this Transaction, and during the share lock-up period, shares of the Listed Company converted from convertible corporate bonds and acquired</p>

Commitment maker	Commitment name	Main content of commitment
		<p>by our company through this Transaction, and shares correspondingly added for such reasons as bonus share and capitalization of the Listed Company shall also be subject to the aforementioned share lock-up arrangement.</p> <p>If our commitment regarding the lock-up period of shares and/or convertible corporate bonds (if any) obtained on basis of this Transaction is inconsistent with the latest regulatory opinions of China Securities Regulatory Commission and Shanghai Stock Exchange, our company will adjust this letter of commitment according to the regulatory opinions of China Securities Regulatory Commission and Shanghai Stock Exchange and implement the adjusted letter of commitment.</p> <p>After the above-mentioned lock-up period expires, our company will trade shares in accordance with the relevant requirements of China Securities Regulatory Commission and Shanghai Stock Exchange.</p>
Three Gorges Investment	Description of related relationships and letter of commitment on regulating and reducing the related party transactions	<p>1. Our company has not recommended candidates for directors, supervisors and senior management to the Listed Company; and the controlling shareholder of our company, China Three Gorges Corporation ("CTG"), is also the controlling shareholder of the Listed Company and one of the counterparties to this Transaction, therefore in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, our company is a related party of CTG and the Listed Company. Except for the foregoing, there is no related relationship between our company and securities service institutions such as independent financial advisors, asset appraisal agencies, accounting firms and law firms and other counterparties other than CTG involved in this Transaction;</p> <p>2. Our company and related enterprises controlled by our company will exercise the rights of directors and shareholders of our company in accordance with the Company and other relevant laws and</p>

Commitment maker	Commitment name	Main content of commitment
		<p>regulations, as well as the Articles and decision-making system for related party transaction of the Listed Company, and will fulfill the obligation to abstain from voting when the board of directors and the general meeting vote on related transactions involving our company;</p> <p>3. After completion of this Transaction, our company and other entities under its control will minimise and avoid related party transactions with the Listed Company. The Company warrants that it will, when conducting a necessary and unavoidable related party transaction, fairly conduct any such transaction in the principle of marketisation at a fair price, and will fulfill related party transaction procedures and information disclosure obligations according to the relevant laws, regulations, rules and other normative documents and the Articles of the Listed Company. The Company warrants that it will not damage the legitimate rights and interests of the Listed Company and other shareholders through related party transactions;</p> <p>4. The Company undertakes that it will not take advantage of its status as the controlling shareholder of the Listed Company to harm the legitimate interests of the Listed Company and other shareholders;</p> <p>5. Our company will prevent any occupation of funds and assets of the Listed Company for any non-operating purpose; and without approval of the general meeting, our company will not request the Listed Company to provide any form of guarantee for our company and other entities under its control;</p> <p>6. This commitment will come into effect as soon as it is made, and will remain valid and unchangeable or irrevocable within the period during which our company holds shares of the Listed Company and is recognised as a related party of the Listed Company pursuant to relevant regulations.</p>
Three Gorges Investment, Yunnan Energy Investment and Sichuan Energy Investment	Letter of commitment on guaranteeing independence of the Listed Company	After completion of this Transaction, our company warrants that the Listed Company is completely separated from our company and other entities under its control in terms of personnel, assets, finance, institutions

Commitment maker	Commitment name	Main content of commitment
		and business so that the Listed Company remains independent in terms of personnel, assets, finance, institutions and business.
Yunnan Investment Sichuan Investment	Energy and Energy Letter of commitment on subscription of shares and lock-up period of convertible corporate bonds	<p>Our company undertakes that it will not transfer the consideration shares obtained through this Transaction within 12 months from the ending date of issuance under this Transaction (the "Share Lock-up Period"), unless the transfer is permitted by applicable laws and regulations.</p> <p>After completion of this Transaction, and during the share lock-up period, additional shares of the Listed Company acquired by our company through this Transaction, and shares correspondingly added for such reasons as bonus share and capitalization of the Listed Company shall also be subject to the aforementioned share lock-up arrangement.</p> <p>Our company undertakes that it will not transfer the convertible corporate bonds obtained through this Transaction (if any) within 12 months from the ending date of issuance of the convertible corporate bonds, unless the transfer is permitted by applicable laws and regulations. If our company converts the convertible corporate bonds mentioned above into shares of the Listed Company, the converted shares shall not be transferred within 18 months from the date on which the convertible corporate bonds are issued.</p> <p>After completion of this Transaction, and during the share lock-up period, shares of the Listed Company converted from convertible corporate bonds and acquired by our company through this Transaction, and shares correspondingly added for such reasons as bonus share and capitalization of the Listed Company shall also be subject to the aforementioned share lock-up arrangement.</p> <p>If our commitment regarding the lock-up period of shares and/or convertible corporate bonds (if any) obtained on basis of this Transaction is inconsistent with the latest regulatory opinions of China Securities Regulatory Commission and Shanghai Stock Exchange, our company will adjust this letter of commitment according to the regulatory opinions of China Securities Regulatory Commission</p>

Commitment maker	Commitment name	Main content of commitment
		<p>and Shanghai Stock Exchange and implement the adjusted letter of commitment.</p> <p>After the above-mentioned lock-up period expires, our company will trade shares in accordance with the relevant requirements of China Securities Regulatory Commission and Shanghai Stock Exchange.</p>
Yunnan Energy Investment	Description of related relationships and letter of commitment on regulating and reducing related party transactions	<ol style="list-style-type: none"> <li>1. Our company recommends one director and one supervisor to the Listed Company, and our company directly holds the equity interests of the Listed Company; except for the foregoing, there is no related relationships under the Shanghai Stock Exchange Stock Listing Rules between our company and the Listed Company, as well as the securities service institutions and other counterparties participating in this Transaction;</li> <li>2. Our company and other entities under its control will exercise the rights of directors and shareholders of our company in accordance with the Company and other relevant laws and regulations, as well as the Articles and decision-making system for related party transaction of the Listed Company, and will fulfill the obligation to abstain from voting when the board of directors and the general meeting vote on related transactions involving our company;</li> <li>3. Our company will prevent any and all illegal occupation of funds and assets of the Listed Company and its subsidiaries covered by the consolidated statement; and without approval of the general meeting, our company will not request the Listed Company and its subsidiaries to provide any form of guarantee for our company and other entities under its control;</li> <li>4. Our company and related entities under its control will try their best to avoid and reduce related party transactions with the Listed Company and its subsidiaries. For related party transactions that are unavoidable or occur for reasonable reason, our company will follow the principles of justice, fairness and openness, enter into agreements according to laws, perform legal procedures, fulfill information disclosure obligations and go through</li> </ol>

Commitment maker	Commitment name	Main content of commitment
		<p>relevant approval procedures in accordance with the Articles of Association and decision-making system for related party transaction of the Listed Company, relevant laws and regulations, Rules Governing the Listing of Stocks on Shanghai Stock Exchange and other relevant regulations, and our company warrants that we will not damage the legitimate rights and interests of the Listed Company and other shareholders through related party transactions;</p> <p>5. Our company will be liable for all losses caused to the Listed Company or its subsidiaries due to our violation of the commitments made in this letter of commitment;</p> <p>6. This commitment will come into effect as soon as it is made, and will remain valid and unchangeable or irrevocable within the period during which our company holds shares of the Listed Company and is recognised as a related party of the Listed Company pursuant to relevant regulations.</p>
Sichuan Energy Investment	Description of related relationships and letter of commitment on regulating and reducing related party transactions	<p>1. Our company recommends one director and one supervisor to the Listed Company, and our company directly holds the equity interests of the Listed Company; except for the foregoing, there is no related relationships under the Shanghai Stock Exchange Stock Listing Rules between our company and the Listed Company, as well as the securities service institutions and other counterparties participating in this Transaction;</p> <p>2. Our company and other entities under its control will exercise the rights of directors and shareholders of our company in accordance with the Company and other relevant laws and regulations, as well as the Articles and decision-making system for related party transaction of the Listed Company, and will fulfill the obligation to abstain from voting when the board of directors and the general meeting vote on related transactions involving our company;</p> <p>3. Our company will prevent any and all illegal occupation of funds and assets of the Listed Company and its subsidiaries covered by the consolidated statement; and without approval of the general meeting,</p>

Commitment maker	Commitment name	Main content of commitment
		<p>our company will not request the Listed Company and its subsidiaries to provide any form of guarantee for our company and other entities under its control;</p> <p>4. Our company and related entities under its control will try their best to avoid and reduce related party transactions with the Listed Company and its subsidiaries. For related party transactions that are unavoidable or occur for reasonable reason, our company will follow the principles of justice, fairness and openness, enter into agreements according to laws, perform legal procedures, fulfill information disclosure obligations and go through relevant approval procedures in accordance with the Articles of Association and decision-making system for related party transaction of the Listed Company, relevant laws and regulations, Rules Governing the Listing of Stocks on Shanghai Stock Exchange and other relevant regulations, and our company warrants that we will not damage the legitimate rights and interests of the Listed Company and other shareholders through related party transactions;</p> <p>5. Our company will be liable for all losses caused to the Listed Company or its subsidiaries due to our violation of the commitments made in this letter of commitment;</p> <p>6. This commitment will come into effect as soon as it is made, and will remain valid and unchangeable or irrevocable within the period during which our company holds shares of the Listed Company and is recognised as a related party of the Listed Company pursuant to relevant regulations.</p>

#### **XI. Principled opinions of the controlling shareholders of the Listed Company and parties acting in concert with them on the restructuring**

The controlling shareholders of Listed Company and parties acting in concert with them have agreed in principle to the Restructuring according to the opinions issued by CTG, the controlling shareholder of Listed Company, and parties acting in concert with it.

**XII. The share reduction plan of the controlling shareholders of the Listed Company and parties acting in concert with them and all directors, supervisors and senior management of the Listed Company since the date of resumption of the Restructuring until the completion of implementation**

According to the undertaking issued by CTG, a controlling shareholder of the Listed Company, and parties acting in concert with it, there is no voluntary share reduction plan of CTG and parties acting in concert with it during the period from the date of resumption of this Transaction to the completion of implementation of this Transaction, and there will be no voluntary reduction in holding of shares of the Listed Company, except for the passive reduction of shareholding due to the exchange of convertible corporate bonds approved by the regulatory authorities, and the addition of new guarantee shares due to the exchange of cash dividends by convertible corporate bonds.

According to the undertaking issued by all directors, supervisors and senior management of the Listed Company, there is no share reduction plan of the directors, supervisors and senior management of the Listed Company during the period from the date of resumption of the Transaction to the completion of implementation of the Transaction, and there will be no reduction in holding of shares of the Listed Company.

**XIII. The arrangements for the protection of the interests of small and medium investors in this Transaction**

During the course of the Transaction, the Listed Company will adopt the following arrangements and measures to protect the legitimate interests of investors, especially small and medium investors:

**(1) Strictly fulfill the information disclosure obligations of the Listed Company**

The Company and relevant information disclosure obligors will strictly comply with the relevant requirements of the Company Law, the Securities Law, the Administrative Measures for Material Asset Restructuring, the Standard No. 26, the Notice on the Regulation of Information Disclosure by Listed Companies and Acts of Relevant Parties and other laws and regulations, earnestly fulfill their information

disclosure obligations, and disclose to all investors in a timely and fair manner the major events that may have a greater impact on the stock trading prices of the Listed Company. After the disclosure of the Plan, the Company will continue to truthfully, accurately and completely disclose the progress of the Transaction in accordance with the requirements of relevant regulations.

## **(2) Strictly implement the Listed Company's review and voting procedures**

During the course of the Transaction, the Listed Company strictly followed the relevant regulations and performed legal procedures to vote and disclose. The Transaction constitutes a related party transaction, and has been approved by independent directors in advance before being submitted to the board of directors for deliberation. The independent directors have issued independent director opinions on the Transaction. The Company convened meetings of board of directors and board of supervisors to review and approve the relevant resolutions for the Transaction, and the relevant resolutions complied with the Company Law and other relevant laws, administrative regulations, departmental rules and other regulatory documents and the relevant provisions of the Articles.

## **(3) Online voting platform provided on the general meeting**

The board of directors of the Company will issue a reminder announcement before the general meeting to review the Plan of the Transaction, to remind all shareholders to attend the extraordinary general meeting to review the Plan of the Transaction. The Company will provide an online voting platform for voting on the Plan of the Transaction in accordance with the Provisions on Strengthening the Protection of the Rights and Interests of Public Shareholders issued by CSRC and other relevant requirements. Shareholders can vote on-site or vote directly through the Internet.

## **(4) Ensure that the pricing of the Transaction is fair and just**

The Listed Company intends to hire auditors and valuation institutions that meet the requirements of relevant laws and regulations to audit and evaluate the Target Assets, to ensure that the pricing of the Target Assets in the Transaction is fair and

just, and that the pricing process is legal and compliant, and does not harm the interests of shareholders of the Listed company.

### **(5) Arrangement for the Transaction to dilute the current earnings per share return**

As of the signing date of the Plan, the preparation works of the audit report of the Target Company and the pro forma review report of the Listed Company have not been completed. Therefore, it is currently impossible to predict the change trend of the Company's earnings per share in the year when the Transaction is completed relative to earnings per share in the previous year. Relevant information will be disclosed in the Restructuring Report. The Listed Company will conduct an analysis in a serious manner on whether the Transaction is diluting the immediate return, and formulate specific measures to replenish the return.

### **(VI) Other measures to protect the interests of investors**

The Listed Company guarantees the relevant information and documents (including but not limited to original written materials, copy materials or oral testimony, etc.) provided to relevant intermediaries regarding the Transaction and the explanations and confirmations issued for the Transaction are true, accurate and complete, without any false records, misleading statements or material omissions. The copy or photocopy of the relevant documents are guaranteed to be consistent with the authentic or original, and all signatures and seals on the documents are guaranteed to be true and valid.

During the course of the Transaction, the Listed Company will promptly disclose information regarding the Transaction and submit relevant filing documents in accordance with the relevant laws and regulations, the relevant requirements of CSRC and SSE. It also guarantees the authenticity, accuracy and completeness of the information disclosure and application documents, and promises that if the information disclosure and application documents contain false records, misleading statements or material omissions, which cause losses to investors, it will undertake to bear individual and joint legal responsibilities.

The investors are reminded that the full text of the Plan is available for inspection at the designated website ([www.sse.com.cn](http://www.sse.com.cn)).

#### **XIV. NOTICE OF ADDITIONAL INFORMATION TO BE DISCLOSED**

As of the date of the Plan, the audit and evaluation of the Target Assets under this Transaction have not been completed, and this transaction price of the Target Assets under this Transaction has not yet been determined. The audited financial data and asset evaluation results of relevant assets, final transaction prices of the Target Assets and other data will be disclosed in the Restructuring Report, which is hereby drawn to the attention of investors.

## **SIGNIFICANT RISK WARNING**

### **I. Risk Relating to the Transaction**

#### **(1) The risk of the Transaction being suspended, terminated or cancelled**

The Company shall issue a notice of convening a general meeting within 6 months after the announcement date of the board of directors' resolutions for the first review of the matters related to the Transaction. If the notice of general meeting fails to be issued on time, the Transaction may be cancelled. Although the Company has established and strictly implemented confidentiality measures in accordance with relevant regulations, it is still possible for the Transaction to be suspended, terminated or cancelled in the course of the Transaction due to abnormal fluctuations in the Company's stock price or abnormal transactions that may be suspected of insider trading. In addition, the audit, evaluation and other works of the Target Assets still take time. If the relevant matters cannot be completed on time, or there are unforeseen reasons that lead to a significant decline in the performance of the Target Assets, the Transaction may fail to be carried out as scheduled. If the Transaction needs to be restarted, it may be faced with the risk of stock issue price and repricing of the transaction target, which should be brought to the attention of investors.

#### **(2) The risk of the Transaction not being approved**

The transaction has yet to receive a series of approvals, including but not limited to the competent state-owned assets supervision and administration authorities completing the filing of the assessment report on all shareholders' equity and assets of the Target Company, the Listed Company convening a meeting of the board of directors to review and approve the plan of the Transaction once again, the competent state-owned assets supervision and administration authorities approving the Transaction, the plan of the Transaction being reviewed and approved at the general

meeting of the Listed Company, CSRC approving the Transaction etc. Whether the above approval, filing or approval can be obtained for the Transaction and the time when the above approval, filing or approval is obtained is uncertain. There is a risk of approval for the Transaction, which should be brought to the attention of investors.

### **(3) The risk of audits, evaluation and other works not yet completed and the transaction price not yet determined**

As of the signing date of this plan, the audit, evaluation and other works of the Target Company have not been completed, and the estimated value and transaction price of the Target Assets have not yet been determined. The financial data involved in this plan is for investors' reference only. The final data is subject to the audit report issued by an auditor that meets the requirements of relevant laws and regulations. The transaction price of the Target Assets of the Transaction will be issued by an asset appraisal institution with relevant business qualifications, with the valuation results of the valuation report filed by the competent state-owned assets supervision and administration authorities as the reference basis, and shall be negotiated and determined by the parties to the transaction.

The audited financial data of relevant assets, the asset valuation results, the final transaction prices of the Target Assets and other data will be disclosed in the Restructuring Report, which may be quite different from the disclosure of this plan and should be brought to the attention of investors.

### **(4) The risk of failing to implement the raised counterpart funds**

As a part of the transaction plan, counterpart funds, the Listed Company intends to raise counterpart funds for non-public offering of stocks and/or convertible corporate bonds to not more than 35 specific qualified investors. If the laws, regulations or other regulatory documents of the PRC have the latest regulations or regulatory opinions on the target of issuance and the number issued of non-public

stocks or convertible corporate bonds, the Listed Company will make corresponding adjustments in accordance with the latest regulations or regulatory opinions.

It is still uncertain as to whether the above-mentioned fundraising of counterpart funds can be approved by the CSRC. In addition, if the stock price fluctuates or the market environment changes, there may be a risk that the amount of counterpart funds raised is insufficient or even fails to be raised.

## **II. Operating risks of the Target Company**

### **(1) The risk of water supply in the Jinsha River basin**

The main assets of the Target Company are the Wudongde hydropower station and the Baihetan hydropower station, which is located in the downstream reaches of the Jinsha River basin, one of the 13 largest hydropower bases in the PRC. The power generation and operating results of hydropower stations are significantly affected by the water supply in the basin. The uncertainty of water supply and seasonal fluctuations and differences will have a material impact on the Target Company's power production and operating results.

### **(2) The risk of adjustment in the power grid price**

Currently, the power grid price of power generation enterprises in the PRC is strictly regulated by the government. According to the Several Opinions of the Central Committee of the Communist Party of China and the State Council on Promoting the Price Mechanism Reform issued on 12 October 2015, the marketization of energy prices will be accelerated. Following the overall principle of “allowing for more competition in electricity generation, sales and consumption while tightening government regulation of power grid, transmission and distribution”, electricity and other energy price reforms will be promoted, the power grid price and the sales price of electricity other than public welfare will be orderly liberalized, and a mechanism for determining energy prices mainly by the market will be established. According to

the requirements of the Notice of the National Development and Reform Commission and National Energy Administration on Printing and Distributing Supporting Documents for Power System Reform (Fa Gai Jing Ti [2015] No.2752) and the ancillary document titled the National Energy Administration and the Opinions on Implementation of Orderly Liberalising Power Generation and Utilization Plan on 26 November 2015, the PRC will actively promote direct transactions, procure that for the electricity directly traded by power generation companies with users and electricity sales companies, the power grid price and the sales price shall be initially formed by the market, and the government pricing of some on-grid electricity will be gradually cancelled. However, the notice also made it clear that while liberalising direct transactions, for electricity other than those corresponding to priority power generation and priority purchase, other power grid prices for power generation companies shall be mainly determined by users, power sellers and power generation companies through independent negotiation, market bidding and other methods.

In March 2017, NDRC and NEA issued the Notice on the Plan of Orderly Relaxation of Power Generation and Utilization (Fa Gai Yun Xing [2017] No.294), clarifying that the existing large-scale hydropower, wind power, solar power and other clean energy power generation within the national plan shall be heavily guaranteed through the priority power generation plan. The power level of priority power generation plan shall not be lower than the actual level of the previous year or the multi-year average level. The price shall be executed based on the principle of the Notice of the National Development and Reform Commission on Issues Concerning Improving the Price Formation Mechanism for Trans-provincial and Trans-regional Electric Energy Trading (Fa Gai Jia Ge [2015] No.962). Part of the power outside the priority power generation plan shall participate in the market-based bidding of the power receiving area.

With the deepening of the reform of the power system, the power grid price of

Yunchuan Co. may fluctuate, and it will have a certain impact on the operating conditions of Yunchuan Co.

### **(3) The risk of changes in preferential tax policies**

According to the relevant requirements of the Circular on the Implementation of the Catalogue of the Key Public Infrastructure Projects Supported by the State and Entitled for Preferential Tax Treatment (Guo Shui Fa [2009] No.80), Yunchuan Co. enjoys the “three exemptions and three halves” policy for paying corporate income tax. Yunchuan Co. will strictly implement the national taxation policy.

Currently, the income tax preferential amount enjoyed by Yunchuan Co. accounts for a certain proportion of the Company’s total profit. If the policy expires or policy changes causing Yunchuan Co. to not continue to enjoy the above tax benefits in the future, the profitability of Yunchuan Co. may be affected.

### **(4) The risk of unfinished project and unfinished accounts**

Currently, the Wudongde hydropower station of Yunchuan Co. has been fully put into operation of power generation, while the Baihetan hydropower station is still in the construction period and has not been fully put into operation for power generation. There are still some unfinished parts in the project, and the project has not yet completed the final completion accounts. If there is a difference between the final settlement amount of project completion in the future and the current actual project cost, it will result in adjustments to the value of assets currently recorded in the account, which may have a certain impact on Yunchuan Co.’s operating results.

### **(5) Electricity market risk**

The development of the macro economy in the PRC is characterized by cyclical fluctuations. The power industry has a close relationship with the macroeconomic operation and development cycle. With the cyclical fluctuations of the macro economy, the demand for the electricity market will also change, which will have a

certain degree of impact on the Company's operating conditions and business development. In 2020, the power consumption of the entire society in the PRC reached 7.51 trillion kWh, representing a growth of 3.1% over last year; in the first three quarters in 2021, the power consumption of the entire society in the PRC reached 6.17 trillion kWh, representing a growth of 12.9%.

Considering that the current macroeconomic and domestic and international situations are complex and changeable, there are a lot of uncertainties. If the macro economy fluctuates in the future, the demand in the electricity market will in turn fluctuate, and the operating results of Yunchuan Co. may be affected to a certain extent.

## **(6) Policy risk**

As the Chinese economy enters a new normal, economic growth has shifted from high-speed growth to mid-high-speed growth. The growth momentum has shifted from investment-driven to innovation-driven. Comprehensively deepening reform and opening, in-depth advancement of reforms in key areas, and continuous enhancement of development momentum and vitality have become the focus of government work. The current electricity market-oriented reforms continue to deepen, and reforms in hydropower development, river basin water resources management, immigration, environmental protection and fields are also gradually advancing. The uncertainties of the reform may bring certain policy risks to Yunchuan Co.'s operation and management.

## **III. Other risks**

### **(1) Stock price fluctuation risk**

The return on the stock market is positively correlated with the risk. On the one hand, the stock price is affected by the company's profitability and tends to be the present value of the company's future value in the long run; on the other hand, stock

prices are affected by factors such as economic conditions, macro policies, fluctuations in supply and demand, and investor expectations. Therefore, the Company's stock price may deviate from its value due to factors such as macroeconomic fluctuations, changes in national policies, and changes in stock supply and demand. In addition, since the Transaction of the Company requires approval by relevant departments, and the approval time is uncertain, the stock market prices may fluctuate during such period, which may bring certain risks to the investors.

## **(2) Other risks**

In the process of production and operation of the hydropower station, it may be affected by earthquakes, typhoons, floods, landslides, wars, national policy adjustments and other unforeseen force majeure factors whose occurrence and consequences cannot be prevented or avoided. The operation and profitability of the hydropower assets are thus subject to certain uncertainties.

## **Section I Overview of this Transaction**

### **I. Overview of this transaction plan**

The Listed Company intends to purchase 100% equity interests in Yunchuan Co. held in aggregate by CTG, Three Gorges Investment, Yunnan Energy Investment and Sichuan Energy Investment by way of issuance of shares, issuance of convertible corporate bonds (if any) and payment of cash. Upon the completion of this Transaction, the Listed Company will hold 100% equity interests in Yunchuan Co.

Pursuant to the approval of CTG, Three Gorges Investment transferred its 40% equity interests in Yunchuan Co. to CTG at nil consideration. Following the completion of the transfer at nil consideration, CTG and Three Gorges Investment participated in this Transaction with their 40 and 30% equity interests in Yunchuan Co. respectively. As of the signing date of this Plan, the industrial and commercial registration of changes in relation to the transfer at nil consideration is still in process.

At the same time, the Listed Company intends to raise counterpart funds from not more than 35 specific investors by way of non-public issuance of shares and/or convertible corporate bonds. It is expected that the total amount of funds raised will not exceed 100% of the consideration of the Transaction settled by way of issuance of shares and convertible corporate bonds (if any), and the number of issued shares (including the number of shares initially converted from convertible corporate bonds issued for raising counterpart funds) will not exceed 30% of the total share capital of the Listed Company before the issuance. The specific use of the raised funds will be determined by negotiation among the parties to the Transaction after the completion of the audit and assessment of the Target Assets, and will be disclosed in the Restructuring Report. The purchase of assets is not subject to the successful raising of counterpart funds. The success or failure of the raising of counterpart funds will not affect the purchase of assets.

The specific payment ratios for the issuance of shares, issuance of convertible corporate bonds (if any) and payment of cash in this Transaction will be determined by negotiation among the parties to the Transaction after the completion of the audit and assessment of the Target Assets, and will be disclosed in the Restructuring Report.

## **II. Background and Purpose of this Transaction**

### **(1) Background of this Transaction**

#### **1. Hydropower is one of the best sources of power to achieve the “carbon peak” and “carbon neutral” long-term goals**

On 22 September 2020, General Secretary Xi Jinping stated in his speech at the UN General Assembly that China would adopt strong measures and policies to achieve the goal of “carbon peak” by 2030 and “carbon neutral” by 2060. To solve the sustainable supply of energy and climate change, and promote the continuous evolution of the energy structure from high-carbon to low-carbon in China, it is imperative for clean energy to gradually replace traditional high-carbon fossil energy. Hydropower, as low-cost clean energy, is bound to play an important role in the green and low-carbon transition, and is one of the best sources of power to achieve the “carbon peak” and “carbon neutral” long-term goals. Wudongde hydropower station and Baihetan hydropower station are major national projects for the implementation of “West-East Power Transmission”. By coordinating and promoting the follow-up work of the hydropower stations, the two projects would be important measures to achieve “carbon peak” and “carbon neutral” and promote the overall green transformation of economic and social development.

#### **2. Domestic power supply is tight in short term since 2021, and hydropower is expected to become the “stabilizer” for power safety**

Since 2021, the domestic economy has maintained a stable recovery, and exports have shown unexpected growth, driving a sustained increase in electricity consumption. On the power supply side, due to the transition to clean energy in China, the power supply is unstable, and various regions in China are experiencing different degrees of power supply tension. In the above context, large hydropower stations can effectively complement wind power and solar power due to their stability, economy and cleanliness, and are expected to become the "stabilizer" for power safety in China's future new energy structure. Based on the hydropower bases planned by the state and with the help of the storage capacity, regulation and storage capacity of reservoirs and power transmission channels, building clean energy bases with complementary water, wind and light would be an important measure for China to fulfill its commitments on climate change, accelerate the transformation of energy

structure and build a new type of power system.

### **3. Further deepening the reform of state-owned assets and state-owned enterprises to actively fulfill capital market commitments**

In 2016, CTG, the controlling shareholder of the Company, committed to avoid horizontal competition in accordance with relevant regulatory requirements when injecting Xiluodu and Xiangjiaba hydropower stations into CYPC. At present, Wudongde and Baihetan hydropower stations have been put into operation one after another. The operation indicators of units in hydropower stations are healthy, and the safety of production is stable and orderly. At the present stage, the conditions for asset injection are available, and this Transaction demonstrates CTG's commitment to the capital markets. At the same time, promoting the overall assets securitization of Wudongde and Baihetan hydropower stations is also conducive to further deepening the reform of state-owned enterprises. While enlarging state-owned capital, it will further enhance the quality, liquidity and anti-risk capacity of assets, thus effectively maintaining and increasing the value of state-owned assets.

## **(2) Purpose of this Transaction**

### **1. Continuously improve the core capacity of hydropower station operation by innovation**

The Company shall seize the opportunity of the asset injection from Wudongde hydropower station and Baihetan hydropower station, to promote the construction of intelligent power station and intelligent cascade dispatching, and research and establish digital watershed and digital hydropower. By continuing to explore and innovate, grasping the safe and stable operation rules of giant cascade hydropower stations in the watershed under multiple conditions, and constantly optimizing lean operation strategy, the Company can improve the core capacity of operation diagnosis and watershed maintenance and intelligent control of hydropower stations, strengthen risk control and emergency response capacity building, to ensure the safe, controllable, under control, efficient, high-quality, long-term safe and stable operation of cascade hydropower stations.

### **2. To realize leapfrog development and consolidate the leading position of large hydropower projects**

Upon the completion of this Transaction, the controllable installed capacity of the Company in China will reach 71.695 million kW, with significant synergistic benefits and being able to effectively realize leapfrog development. By operating 6 giant cascade hydropower stations with high standards and high quality, the Company can give full play to its advantages in resources and management and its core capabilities to promote further improvement of its performance and consolidate the leading position in the global hydropower industry.

### **3. Strengthen the cascade joint debugging in the watershed, and promote the full play of comprehensive benefits**

Jinsha River is one of the largest hydropower bases in China, with a total length of about 3,500 kilometers, and the degree of hydropower enrichment ranks among the top in the world. Wudongde hydropower station and Baihetan hydropower station are located in the lower reaches of Jinsha River, with large storage capacity and remarkable cascade benefits. Upon the completion of this Transaction, the Company, as the large hydropower business platform of the CTG, will unify the ownership of six giant hydropower stations in the Yangtze River mainstream, including the Three Gorges, Gezhouba, Xiluodu, Xiangjiaba, Wudongde and Baihetan, to achieve centralized management and operation of large hydropower assets and “six-reservoir joint debugging”. Through large-scale and professional operation and improved management efficiency, the comprehensive benefits of cascade hydropower stations in flood control, power generation, navigation, water storage and ecology can be effectively brought into play, thus improving the comprehensive utilization level of water resources.

## **III. Specific Plan for this Transaction**

### **(I) Payment method for purchasing assets**

Payment for purchasing assets will be made by way of issuing shares and convertible bonds (if any) as well as cash. The proportion and amount of shares, convertible bonds (if any) and cash to be issued or paid to each counterparty in this Transaction have not yet been determined. Relevant information will be determined by negotiation among the parties to the Transaction upon the completion of the audit and valuation work of the Target Assets, and will be disclosed in the Restructuring Report.

## 1. Specific plan to purchase assets by way of issuing shares

### (1) Type of shares, par value and place of listing

The type of shares to be issued in this Transaction is RMB-denominated ordinary A share, with a par value of RMB1.00 each, which will be listed on SSE.

### (2) Price Determination Date, pricing principles and issue price

The Price Determination Date for the issuance of shares to purchase assets refers to the announcement date of the first board resolution of the Listed Company to consider matters related to the Transaction, which is the announcement date of resolution of the 30th meeting of the 5th session of the board of directors.

According to the relevant provisions of the Administrative Measures for Material Asset Restructuring: the price of shares issued by a listed company shall not be less than 90% of the market reference price, which refers to one of the average trading prices of the company's shares for 20, 60 or 120 trading days prior to the Price Determination Date. The formula for calculating the average trading price is: the average trading price of the company's shares for certain trading days prior to the Price Determination Date = the total trading value of the company's shares for certain trading days prior to the date of announcement of resolution/the total trading volume of the company's shares for certain trading days prior to the date of announcement of resolution.

The market reference price that available for the Listed Company to issue shares for purchasing assets are calculated as follows:

Unit: RMB/share

Market Reference Price	Average Trading Price	90% of the Average Trading Price
Last 20 trading days	20.30	18.27
Last 60 trading days	20.74	18.67
Last 120 trading days	20.30	18.27

Upon negotiation among the parties to the Transaction, the Listed Company determined that the issue price for issuing shares to purchase assets will be RMB18.27 per share, which is not less than 90% of one of the average trading prices of the shares of the Listed Company for 20, 60 and 120 trading days prior to the Price Determination Date.

During the period from the Price Determination Date to the date of share issuance, the issue price will be adjusted accordingly in the event that the Listed Company carries out ex-rights or ex-dividend arrangements such as dividend distribution, bonus issue, share allotment and capitalisation of capital reserve.

### **(3) Issuing Targets**

The target of the issuance of shares for purchasing assets includes CTG, Three Gorges Investment, Yunnan Energy Investment and Sichuan Energy Investment.

### **(4) Number of shares to be issued**

The number of shares to be issued will be determined based on the following formula:

The number of shares to be issued to the counterparty = the amount of consideration to be paid by way of share issuance in this Transaction  $\div$  the issue price of the share issuance, subject to rounding down to the nearest share. Any fractional part of a share will be transferred to capital reserve. The number of shares to be issued shall be subject to the number of shares finally approved by CSRC.

As of the date of signing this Plan, both the transaction price of the Target Assets and the number of shares to be issued in this Transaction have not been determined.

During the period from the Price Determination Date to the date of issuance, the number of shares to be issued will be adjusted accordingly based on the adjustment of issue price in the event that the Listed Company carries out ex-rights or ex-dividend arrangements such as dividend distribution, bonus issue, share allotment and capitalisation of capital reserve.

### **(5) Arrangement for Lock-up period**

The consideration shares acquired by CTG and Three Gorges Investment through this Transaction shall not be transferred for a period of 36 months from the date of completion of the share issuance, save as permitted under applicable laws and regulations. If the closing price of shares of the Listed Company is lower than the issue price for 20 consecutive trading days within 6 months after the completion of the Transaction, or if the closing price is lower than the issue price at the end of 6 months after the completion of the Transaction, the lock-up period of the consideration shares acquired by CTG and Three Gorges Investment through the

Transaction will be automatically extended by 6 months on top of the original lock-up period.

The consideration shares acquired by Yunnan Energy Investment and Sichuan Energy Investment through this Transaction shall not be transferred for a period of 12 months from the date of completion of the share issuance, save as permitted under applicable laws and regulations.

Upon the completion of the Transaction, during the lock-up period, the additional shares arising from bonus issues or capitalisation of capital reserve by the Listed Company apart from the consideration shares acquired by the counterparty through the Transaction shall also be subject to the above-mentioned lock-up arrangement. If CSRC or SSE hold different views on the above lock-up arrangement, the lock-up arrangement will be adjusted and implemented in accordance with the views of CSRC or SSE.

## **2. Specific plan to purchase assets by way of issuing convertible bonds**

### **(1) Type and nominal value of convertible bonds to be issued**

The type of convertible bonds to be issued is convertible bonds which may be converted into the A-shares of the Company, which will be listed on SSE.

Each convertible bond has a nominal value of RMB100, and will be issued at nominal value.

### **(2) Issuing method and issuing targets**

The convertible bonds will be issued by way of non-public issuance to designated targets, which consist of CTG, Three Gorges Investment, Yunnan Energy Investment and Sichuan Energy Investment.

### **(3) Number of convertible bonds to be issued**

The number of convertible bonds to be issued will be determined based on the following formula:

The number of convertible bonds to be issued to the counterparty = the amount of consideration to be paid by way of issuance of convertible bonds in this Transaction  $\div$  100, subject to rounding down.

As of the date of signing this Plan, both the transaction price of the Target Assets and the number of convertible bonds to be issued in this Transaction have not been determined.

#### **(4) Initial conversion price and adjustment to conversion price**

The initial conversion price of the convertible bonds to be issued is equal to the issue price of share issuance for purchasing assets, which is RMB18.27 per share.

During the period from the Price Determination Date of the issuance of convertible bonds to the maturity of the convertible bonds, the conversion price will be adjusted accordingly based on the relevant provisions of CSRC and SSE, in the event that the Listed Company carries out ex-rights or ex-dividend arrangements such as dividend distribution, bonus issues, share allotment, capitalisation of capital reserve.

#### **(5) Source of conversion shares**

The shares arising from the conversion of convertible bonds will be derived from the shares issued by the Listed Company or treasury shares of the Listed Company resulting from share repurchase.

#### **(6) Duration of the bonds**

The term of the convertible bonds is 6 years from the date of completion of the issuance.

#### **(7) Conversion period**

The conversion period of the convertible bonds to be issued starts from the first trading day after six months from the date of completion of the issuance and ends on the maturity date of the convertible bonds. During such period, the holders of convertible bonds may exercise the conversion rights in accordance with the agreement.

#### **(8) Lock-up period**

The convertible bonds acquired by CTG and Three Gorges Investment through this Transaction shall not be transferred for a period of 36 months from the date of completion of the issuance of convertible bonds, save as permitted under applicable laws and regulations. If the closing price of shares of the Listed Company is lower than the issue price for 20 consecutive trading days within 6 months after the

completion of the Transaction, or if the closing price is lower than the issue price at the end of 6 months after the completion of the Transaction, the lock-up period of the convertible bonds acquired by CTG and Three Gorges Investment through this Transaction will be automatically extended by 6 months on top of the original lock-up period. If CTG and Three Gorges Investment convert the above-mentioned convertible bonds into the shares of the Listed Company, the ordinary shares obtained from the conversion are also subject to the corresponding lock-up arrangement.

The convertible bonds acquired by Yunnan Energy Investment and Sichuan Energy Investment through this Transaction shall not be transferred for a period of 12 months from the date of completion of the issuance of convertible bonds, save as permitted under applicable laws and regulations. If Yunnan Energy Investment and Sichuan Energy Investment convert the above-mentioned convertible bonds into the shares of the Listed Company, the converted shares shall not be transferred for a period of 18 months from the date of completion of the issuance of convertible bonds.

Upon the completion of the Transaction, during the lock-up period, the additional shares arising from bonus issues or capitalisation of capital reserve by the Listed Company apart from the shares acquired by the counterparty resulting from the conversion of the convertible bonds through the Transaction shall also be subject to the above-mentioned lock-up arrangement. If CSRC or SSE hold different views on the above lock-up arrangement, the lock-up arrangement will be adjusted and implemented in accordance with the views of CSRC or SSE.

#### **(9) Other agreements for share conversion**

The number of shares that are intended to be converted by holders of the convertible bonds shall be an integral number. For the convertible bonds that could not be converted into one share at the time of conversion, the Listed Company will, in accordance with the relevant provisions of SSE and other authorities, redeem the nominal amount of such portion of convertible bonds and the prevailing accrued interest corresponding to such balance in cash within five trading days after the date of conversion by the holders of convertible bonds.

#### **(10) Other matters**

No guarantee and rating are provided for the convertible bonds to be issued. The

terms including coupon rate, term and method of interest payment, repurchase and resale of the convertible bonds in this Transaction are to be determined through negotiation among the parties and will be disclosed in the Restructuring Report. The additional A shares of the Listed Company resulting from the conversion of the convertible bonds to be issued shall rank pari passu with the original A shares, and all ordinary shareholders registered on the register of members on the registration date for dividend distribution (including those becoming shareholders due to the conversion of the convertible bonds) are entitled to the dividend distribution for the period and enjoy the same rights and interests.

## **(II) Arrangement for raising of counterpart funds**

The Listed Company intends to raise counterpart funds from not more than 35 designated investors by way of non-public issuance of shares and/or convertible bonds. The total amount of funds to be raised is expected to not exceed 100% of the transaction consideration to be paid by way of issuance of shares and convertible bonds (if any) in the Transaction. The number of shares to be issued (including the initial number of conversion shares from the conversion of convertible bonds to be issued for raising counterpart funds) shall not exceed 30% of the total share capital of the Listed Company prior to the issuance. The specific use of the funds raised will be determined by negotiation among the parties to the Transaction after the completion of the audit and valuation of the Target Assets, and will be disclosed in the Restructuring Report.

The purchase of assets is not subject to the successful raising of counterpart funds. The success or failure of the raising of counterpart funds will not affect the purchase of assets.

### **1. Specific plan to raise counterpart funds by way of non-public issuance of shares**

#### **(1) Type of shares, par value and place of listing**

The type of shares to be issued for raising counterpart funds by way of non-public issuance in this Transaction are RMB-denominated ordinary A shares, with a par value of RMB1.00 each, which will be listed on SSE.

#### **(2) Price Determination Date, pricing principles and issue price**

The Price Determination Date for the proposed non-public issuance of shares to raise counterpart funds in the Transaction is set on the first day of the non-public issuance of shares. The issue price of shares of the proposed non-public issuance to raise counterpart funds in the Transaction shall not be less than 80% of the average trading price of the company's shares for the 20 trading days prior to the Price Determination Date. The final issue price will be determined by negotiation among the board of directors of the Listed Company, with the authorisation from the general meeting of shareholders, and the relevant parties, in accordance with the relevant laws, administrative regulations and regulatory documents and based on the status of subscription and quotation of the issuing targets, upon the Transaction has been approved by CSRC.

During the period from the Price Determination Date for the non-public issuance of shares to raise counterpart funds to the date of issuance, the issue price of shares will be adjusted accordingly based on the relevant provisions of CSRC and SSE, in the event that the Listed Company carries out ex-rights or ex-dividend arrangements such as dividend distribution, bonus issues, share allotment, capitalisation of capital reserve.

### **(3) Issuing targets**

The Listed Company intends to raise counterpart funds from not more than 35 designated investors by way of non-public issuance of shares and/or convertible bonds.

### **(4) Issue size and number to be issued**

The total amount of funds to be raised is expected to not exceed 100% of the transaction consideration to be paid by way of issuance of shares and convertible bonds (if any) in this Transaction. The number of shares to be issued (including the initial number of conversion shares from the conversion of convertible bonds to be issued for raising counterpart funds) shall not exceed 30% of the total share capital of the Listed Company prior to the issuance. The final number of shares to be issued for raising counterpart funds will be determined in accordance with the relevant provisions of the Administrative Measures for Issuance of Securities and the results of the inquiry upon obtaining approval by CSRC.

During the period from the Price Determination Date for the issuance of shares to raise counterpart funds to the date of issuance, the number of shares to be issued will be adjusted accordingly based on the adjustment to issue price in the event that the Listed Company carries out ex-rights or ex-dividend arrangements such as dividend distribution, bonus issues, share allotment, capitalisation of capital reserve.

#### **(5) Arrangement for Lock-up period**

The Listed Company intends to raise counterpart funds from not more than 35 designated investors by way of non-public issuance of shares and/or convertible bonds. The shares subscribed by the designated investors shall not be transferred in any way within 6 months from the date of completion of the issuance. Upon the completion of the non-public issuance of shares to raise counterpart funds, the additional shares of the Listed Company acquired due to bonus issue or capitalisation of capital reserve to which the subscribers of the counterpart funds are entitled in view of the Transaction shall also be subject to the above-mentioned lock-up arrangement. In the event that the provisions of the lock-up arrangement for the shares subscribed in this counterpart fund raising are not in line with the latest regulations of the securities regulatory authorities, the Company and the subscribers will adjust and implement the arrangement accordingly in accordance with the regulations of the relevant securities regulatory authorities.

### **2. Specific plan to raise counterpart funds by way of non-public issuance of convertible bonds**

#### **(1) Type and nominal value of convertible bonds to be issued**

The type of convertible bonds to be issued by way of non-public issuance to raise counterpart funds is convertible bonds which may be converted into the A shares of the Company, which will be listed on SSE.

Each convertible bond has a nominal value of RMB100, and will be issued at nominal value.

#### **(2) Issuing method and issuing targets**

The Listed Company intends to raise counterpart funds from not more than 35 designated investors by way of non-public issuance of shares and/or convertible bonds.

### **(3) Issue size and number to be issued**

The total amount of funds to be raised is expected to not exceed 100% of the transaction consideration to be paid by way of issuance of shares and convertible bonds (if any) in this Transaction. The number of shares to be issued (including the initial number of conversion shares from the conversion of convertible bonds to be issued for raising counterpart funds) shall not exceed 30% of the total share capital of the Listed Company prior to the issuance. The final number of shares to be issued in the non-public issuance of convertible bonds for raising counterpart funds will be determined by the board of directors of the Listed Company with the authorisation from the general meeting of shareholders and depending on the actual circumstance at the time of issuance, upon the Transaction has been approved by CSRC.

### **(4) Initial conversion price and adjustment to conversion price**

The initial conversion price of the convertible bonds shall not be less than the average trading price of the issuer's shares for the last 20 trading days preceding the issuance of the subscription invitation and the average trading price for the previous trading day, and shall be determined by negotiation among the board of directors of the Listed Company, with the authorisation from the general meeting of shareholders, and the lead underwriter prior to the issuance, in accordance with the national policies, market conditions and the specific circumstance of the Listed Company. In the event that relevant policy guidelines on the pricing method of convertible bonds are introduced by the relevant regulatory authorities in the future, the conversion price will also be subject to such policy guidelines.

During the period from the Price Determination Date of the non-public issuance of convertible bonds for raising counterpart funds to the maturity of the convertible bonds, the conversion price will be adjusted accordingly based on the relevant provisions of CSRC and SSE, in the event that the Listed Company carries out ex-rights or ex-dividend arrangements such as dividend distribution, bonus issues, share allotment, capitalisation of capital reserve.

### **(5) Source of conversion shares**

The shares arising from the conversion of convertible bonds to be issued for raising counterpart funds will be derived from shares issued by the Listed Company

or treasury shares of the Listed Company resulting from share repurchase.

**(6) Duration of the bonds**

The term of the convertible bonds to be issued for raising counterpart funds is 6 years from the date of completion of issuance.

**(7) Conversion period**

The conversion period of the convertible bonds to be issued for raising counterpart funds starts from the first trading day after six months from the date of completion of the issuance and ends on the maturity date of the convertible bonds. During such period, the holders of convertible bonds may exercise the conversion rights in accordance with the agreement.

**(8) Lock-up period**

The convertible bonds subscribed by investors in the counterpart fund raising will not be transferred within 6 months from the completion date of the issuance. The shares converted from the convertible bonds will not be transferred within 18 months from the completion date of the issuance of the convertible bonds.

If CSRC or SSE hold different views on the above lock-up arrangement, the above lock-up arrangement will be adjusted and implemented in accordance with the views of CSRC or SSE.

**(9) Other agreements for share conversion**

The number of shares that are intended to be converted by holders of the convertible bonds shall be an integral number. For the convertible bonds that could not be converted into one share at the time of conversion, the Listed Company will, in accordance with the relevant provisions of SSE and other authorities, redeem the nominal amount of such portion of convertible bonds and the prevailing accrued interest corresponding to such balance in cash within five trading days after the date of conversion by the holders of convertible bonds.

**(10) Other matters**

No guarantee and rating are provided for the convertible bonds to be issued for raising counterpart funds. The terms including coupon rate, term and method of interest payment, repurchase and resale of the convertible bonds in this Transaction

are to be determined through negotiation between the parties and will be disclosed in the Restructuring Report. The additional A shares of the Listed Company resulting from the conversion of the convertible bonds to be issued for raising counterpart funds in this Transaction rank pari passu with the original A shares, and all ordinary shareholders registered on the register of members on registration date for dividend distribution (including those becoming shareholders due to the conversion of the convertible bonds) are entitled to the dividend distribution for the period and enjoy the same rights and interests.

#### **IV. This Transaction is expected to constitute a material asset restructuring**

Based on the preliminary estimation of the unaudited financial data of the Target Company in the Transaction, the total assets of the Target Company as of 30 September 2021 will account for more than 50% of the total assets of the audited consolidated financial statements of the Listed Company in 2020. It is expected that the Transaction will meet the criteria for material asset restructuring as stipulated in the Administrative Measures for Material Asset Restructuring, thus constituting a material asset restructuring of the Listed Company. The Company will analyse and disclose in detail in the Restructuring Report whether the Transaction constitutes a material asset restructuring.

#### **V. This Transaction constitutes a related party transaction**

CTG, the counterparty of this Transaction, is the controlling shareholder of the Listed Company. Three Gorges Investment is a wholly-owned subsidiary of CTG, the controlling shareholder of the Listed Company. Zong Renhuai, a director of the Company, is a member of senior management of Sichuan Energy Investment. According to the relevant provisions of the Stock Listing Rules, CTG, Three Gorges Investment, Sichuan Energy Investment are all related parties to the Listed Company. Therefore, this Transaction constitutes a related party transaction.

The related directors have abstained from voting on the resolutions related to this Transaction in the board meeting of the Listed Company. The related shareholders will also abstain from voting on the resolutions related to this Transaction in the general meeting.

## **VI. The Transaction does not constitute a reorganization and listing**

During the 36 months prior to this Transaction, there has been no change in the de facto controller of the Listed Company. Before and after this Transaction, the controlling shareholder of the Listed Company was CTG, and the de facto controller was SASHA for the last 36 months. Thus, this Transaction will not result in a change in the de facto controller of the Listed Company.

Pursuant to the relevant provisions of the Administrative Measures for Material Asset Restructuring, this Transaction does not constitute a reorganization and listing under Article 13 of the Administrative Measures for Material Asset Restructuring.

## **VII. Appraisal and valuation of the Target Assets**

As of the date of signing this Plan, the audit and valuation work involved in this Transaction has not been completed. The specific transaction consideration for the Target Assets in the Transaction will be determined by the parties to the Transaction through negotiation, based on the valuation results of the Target Assets issued by an asset appraisal agency that meets the requirements of relevant laws and regulations and confirmed by filing of the valuation report to the competent state-owned assets supervision and administration authority, and agreed by the parties by agreement.

The audited financial statistics, asset valuation results, and appraisal of the Target Assets will be disclosed in the Restructuring Report for investors' information.

## **VIII. Impact of the Transaction on the Listed Company**

### **(I) Impact of the Transaction on the primary business of the Listed Company**

Prior to this Transaction, the Listed Company was primarily engaged in giant hydropower operation, and managed and operated six giant hydropower stations, such as Three Gorges, Gezhouba, Xiluodu, Xiangjiaba, Wudongde and Baihetan (including the Wudongde and Baihetan hydropower stations currently entrusted to the Company). As of 30 September 2021, the Company has a total holding installed capacity of 45,595,000 kilowatts (excluding the Wudongde and Baihetan hydropower stations currently entrusted to the Company), which is among the top companies in

the global hydropower industry. The Yunchuan Co. to be acquired in this Transaction is the investment subject of the two hydropower stations in Wudongde and Baihetan. Wudongde hydropower station has an approved installed capacity of 10,200,000 kilowatts and is in full operation, while Baihetan hydropower station has an approved installed capacity of 16,000,000 kilowatts and some units are currently in operation.

Upon the completion of this Transaction, the Listed Company will own 6 giant cascade hydropower stations on the mainstream of Yangtze River, and the total holding installed capacity will increase to 71,795,000 kilowatts, representing an increase of 57.46%. Before and after this Transaction, the holding hydropower installed capacity of the Company are shown below:

Type/Name of hydropower station	Holding installed capacity of the Listed Company before this Transaction ('0000 kilowatts)	Holding installed capacity of the Listed Company after this Transaction ('0000 kilowatts)
<b>Mainland:</b>	<b>4,549.5</b>	<b>7,169.5</b>
Three Gorges	2,250.0	2,250.0
Gezhouba	273.5	273.5
Xiluodu	1,386.0	1,386.0
Xiangjiaba	640.0	640.0
Wudongde	-	1,020.0
Baihetan	-	1,600.0
<b>Foreign:</b>	<b>10.0</b>	<b>10.0</b>
<b>Total</b>	<b>4,559.5</b>	<b>7,179.50</b>

Note: "Holding installed capacity" refers to the total installed capacity of the hydropower stations wholly owned or controlled by the Company.

The Listed Company will remain engaged in electricity generation, operation and investment as its core business, and there is no significant change in its primary business. The joint dispatching capacity of the Listed Company in the Yangtze River basin will be further enhanced, which will be conducive to promoting the Listed Company to expand and strengthen its hydropower business, highlighting its influence in hydropower industry and consolidating its position as a world hydropower giant.

## **(II) The impact of this Transaction on the profitability of Listed**

## **Company**

Upon the completion of this Transaction, Yunchuan Co. will be consolidated into the Listed Company. The Listed Company is expected to be improved in terms of asset size and profitability, and thereby further consolidating its industry position and enhancing its core competitiveness.

On 24 November 2021, the Central Comprehensively Deepening Reforms Commission issued the Guidance on Accelerating the Construction of National Unified Electricity Market System, pointing out the needs to facilitate the building of an electricity market mechanism that adapts to the transformation of energy structure and orderly promote market transactions in new energy. It also advocates power planning and effective investment in a scientific manner in a bid to provide support to the transition to clean and low-carbon energy in the power market. At the backdrop of power mechanism reform, the Listed Company increases its installed hydropower capacity by acquiring high quality hydropower assets and focusing on low-carbon clean energy, which will be conducive to enhancing its profitability and sustainability.

The audit and valuation work related to this Transaction has not been finalized. The Company will finalize the audit and valuation work as soon as possible after the issuance of this Plan and reconvene a board meeting to vote on this Transaction. The Restructuring Report will set out a detailed analysis regarding the specific impact of this Transaction on the financial position and profitability of the Company.

### **(III) Impact of the Transaction on the shareholding structure of the Listed Company**

Prior to this Transaction, CTG and SASAC were the controlling shareholders and de facto controllers of the Listed Company, respectively. Upon the completion of this Transaction, CTG and SASAC will remain the controlling shareholders and de facto controllers of the Listed Company, respectively. The Transaction will not result in a change in the controlling shareholder or the de facto controller of the Listed Company, nor will it result in the shareholding structure of the Company not meeting the listing conditions of SSE.

Given that the transaction price of the Target Assets in this Restructuring has not yet been determined, the changes in equity before and after this Transaction could not

be calculated yet. Regarding the specific changes in equity before and after the Transaction, the Company will reconvene a board meeting to vote on this Transaction upon the completion of the audit and valuation work. The Restructuring Report will set out a detailed analysis regarding the changes in equity before and after this Transaction.

## **IX. Approval procedures required for implementation of this Transaction**

### **(I) Decision-making process that has been fulfilled in this Transaction**

1. This Transaction has been considered and approved at the 30th meeting of the 5th session of the Board of Directors of the Listed Company;
2. This Transaction has been considered and approved by the internal decision-making bodies of Three Gorges Investment, Yunnan Energy Investment and Sichuan Energy Investment;
3. This Transaction has been considered and approved by the internal decision-making bodies of CTG.

### **(II) Authorisation and approval to be obtained for this Transaction**

1. The asset valuation result of the Transaction is recorded by the competent state-owned assets supervision and administration authorities;
2. The Transaction plan is considered and approved in the board meeting reconvened by the Listed Company;
3. The Transaction is approved by the competent state-owned assets supervision and administration authorities;
4. The Transaction plan is considered and approved in the general meeting of the Listed Company;
5. The Transaction is approved by CSRC;
6. Other necessary approval, authorisation, filing or permit required under relevant laws and regulations.

## SECTION II Basic Information of the Listed Company

### I. Basic information of the Company

<b>English name</b>	China Yangtze Power Co., Ltd.
<b>Date of establishment</b>	4 November 2002
<b>Date of listing</b>	18 November 2003
<b>Place of listing</b>	Shanghai Stock Exchange
<b>Stock code</b>	600900.SH
<b>Stock short name</b>	CYPC
<b>Registered capital</b>	RMB22,741,859,200
<b>Legal Representative</b>	Lei Mingshan
<b>Registered address</b>	Block B, No.1 Yuyuantan South Road, Haidian District, Beijing
<b>Phone number</b>	010-58688900
<b>Fax number</b>	010-58688898
<b>Company website</b>	www.cypc.com.cn
<b>Unified social credit identifier</b>	91110000710930405L
<b>Scope of business</b>	Power production, operation and investment, power production technology consultation, overhaul, and maintenance of hydropower works. (Market entities independently choose their own business projects and carry out business activities under the law; for items subject to approval according to laws, business activities that can only be carried out with the approval of relevant authority; engaging in business activity that is prohibited and restricted by the state and the local industrial policy is not allowed.)

### II. Top 10 shareholders

As of 30 September 2021, the top 10 shareholders of the Listed Company are as follows:

No.	Name of shareholder	Number of shares held (share)	Percentage of holding (%)
1	CTG	12,542,456,623	55.15
2	Hong Kong Securities Clearing Company Limited	1,506,283,359	6.62
3	Ping An Life Insurance Company of China, Ltd. - Traditional - Ordinary insurance products	988,076,143	4.34
4	China Three Gorges Construction Engineering Corporation	880,000,000	3.87

5	Sichuan Energy Investment	763,863,700	3.36
6	Yunnan Energy Investment	732,659,486	3.22
7	China Securities Finance Co., Ltd.	657,980,472	2.89
8	Auspicious Dual Insurance Products	420,000,000	1.85
9	China National Nuclear Corporation	261,594,750	1.15
10	Sunshine Life Insurance Corporation Limited - Universal Insurance Product	250,000,000	1.10
	<b>Total</b>	<b>19,002,914,533</b>	<b>83.55</b>

### III. Information on controlling shareholders and de facto controller

As of the date of signing this Plan, CTG and SASAC were the controlling shareholder and de facto controller of the Company, respectively. Details are as follows:

#### (I) Information on controlling shareholders

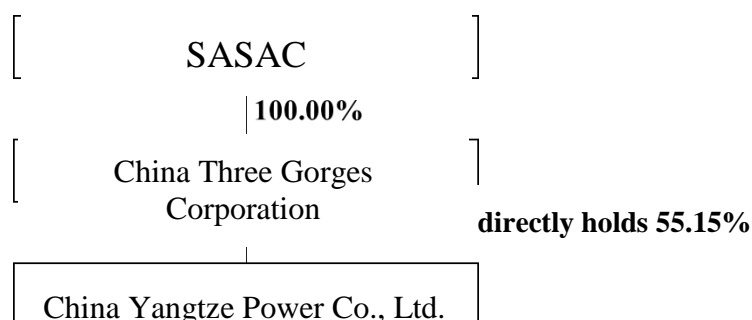
CTG is the controlling shareholder of the Listed Company. As of 30 September 2021, CTG directly holds 12,542,456,623 shares of the Company, accounting for 55.15% of the total share capital. The basic information of Three Gorges Group is as follows:

<b>Company name</b>	China Three Gorges Corporation
<b>Legal representative</b>	Lei Mingshan
<b>Registered capital</b>	RMB211,500,000,000
<b>Date of establishment</b>	18 September 1993
<b>Address</b>	No.1 Yuyuantan South Road, Haidian District, Beijing
<b>Unified social credit identifier</b>	91110000100015058K
<b>Scope of business</b>	Project investment; equity investment; hydroelectric power generation; wind power generation; solar power generation; ecological protection services; wastewater treatment; sewage treatment and its recycling; water resources management; water resources consulting services; emerging energy, resource recycling technology research and development; new energy, environmental protection technology development, technology consulting, technology exchange, technology transfer, technology promotion, technology services; urban drainage facilities management services; municipal facilities management services; environmental consulting services; engineering management services; engineering supervision services; internet of things application services; import and export of goods, import and export of technology, import and export agent; domestic tourism

	business. (Market entities independently choose their own business projects and carry out business activities under the law; for items subject to approval according to laws, business activities that can only be carried out with the approval of relevant authority; engaging in business activity that is prohibited and restricted by the state and the local industrial policy is not allowed.)
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## (II) Information on de facto controllers

The de facto controller of the Listed Company is SASAC. As of 30 September 2021, the shareholding structure of the Listed Company is shown below:



Note: On 20 September 2019, the State Council, the Ministry of Finance, the Ministry of Human Resources and Social Security, the SASAC and other bureaus jointly issued the Notice on Comprehensively Transferring Part of State-Owned Capital to Fortify Social Security Funds. As of the date of signing this Plan, the relevant transfer registration of 10% equity interest of CTG has been completed within the state-owned assets system. However, the procedures for change of business registration have not yet been completed.

## IV. Change in control in the last 60 months

As of the date of signing this Plan, there has been no change in the controlling shareholder and de facto controller of the Company in the last 60 months. The controlling shareholder and de facto controller are CTG and SASAC, respectively.

## V. Primary business development and key financial indicators in the last three years

### (I) Primary business development

The business scope of the Listed Company includes power production, operation and investment, power production technology consultation, overhaul, and maintenance of hydropower works. (Market entities independently choose their own business projects and carry out business activities under the law; for items subject to approval according to laws, business activities that can only be carried out with the approval of relevant authority; engaging in business activity that is prohibited and

restricted by the state and the local industrial policy is not allowed.) The Listed Company is mainly engaged in hydropower operation, and manages and operates six giant hydropower stations, such as Three Gorges, Gezhouba, Xiluodu, Xiangjiaba, Wudongde and Baihetan (including the Wudongde and Baihetan hydropower stations currently entrusted to the Company), with the spirit of striving for excellence and being responsible. As of 30 September 2021, the total installed capacity of the Listed Company was 45,595,000 kilowatts (excluding the Wudongde and Baihetan hydropower stations currently entrusted to the Company), of which 45,495,000 kilowatts were installed hydropower capacity, accounting for 11.86% of the total installed hydropower capacity in the country.

## (II) Key financial indicators in the last three years

The key financial statistic of the Listed Company in the last three years is as follows:

### 1. Key statistic in the consolidated balance sheet

Unit: RMB'0000

Item	31 December 2020	31 December 2019	31 December 2018
Total assets	33,082,709.66	29,648,288.10	29,549,698.86
Total liabilities	15,250,549.01	14,646,691.45	15,281,243.56
Net assets	17,832,160.65	15,001,596.65	14,268,455.31
Total net assets attributable to shareholders of the parent company	17,211,814.70	14,951,017.46	14,220,340.92

Note: The financial statistics from FY2018 to FY2020 have been audited.

### 2. Key statistic in the consolidated income statement

Unit: RMB'0000

Item	FY2020	FY2019	FY2018
Operating income	5,778,336.70	4,987,408.69	5,121,396.57
Operating profit	3,289,585.33	2,693,272.67	2,739,207.01
Total profit	3,245,554.08	2,662,701.18	2,700,710.62
Net profit	2,650,626.18	2,156,744.71	2,264,355.13
Net profit attributable to shareholders of the parent company	2,629,789.02	2,154,349.36	2,261,093.64

### 3. Key statistic in consolidated cash flow statement

Unit: RMB'0000

Item	FY2020	FY2019	FY2018
Net cash flows from operating activities	4,103,686.44	3,646,441.96	3,973,666.64
Net cash flows from investing activities	-3,603,725.64	-663,145.45	-922,610.46
Net cash flows from financing activities	-300,732.60	-2,787,358.99	-3,047,325.72
Net increase in cash and cash equivalents	190,627.28	198,345.58	13,425.19

### 4. Key Financial Indicators

Item	31 December 2020/FY2020	31 December 2019/FY2019	31 December 2018/FY2018
Gearing ratio (%)	46.10	49.40	51.71
Gross sales margin (%)	63.40	62.51	62.89
Basic earnings per share (RMB/share)	1.1853	0.9792	1.0278
Weighted average return on net assets (%)	16.71	14.77	16.31

## SECTION III Overview of the Counterparties of the Transaction

The counterparties to the issuance of share and convertible bond (if any) and cash payment for the acquisition of 100.00% equity interest in Yunchuan Co. include CTG, Three Gorges Investment, Yunnan Energy Investment and Sichuan Energy Investment, details of which are as follows:

### I. CTG

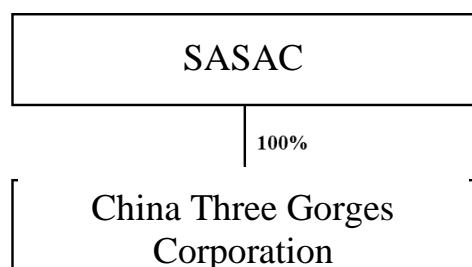
#### (I) Basic information

<b>Name</b>	China Three Gorges Corporation
<b>Nature of enterprise</b>	limited liability company (solely state-owned)
<b>Registered address</b>	No.1 Yuyuantan South Road, Haidian District, Beijing
<b>Legal representative</b>	Lei Mingshan
<b>Unified social credit identifier</b>	91110000100015058K
<b>Date of establishment</b>	18 September 1993
<b>Registered capital</b>	RMB211,500,000,000
<b>Scope of business</b>	Project investment; equity investment; hydroelectric power generation; wind power generation; solar power generation; ecological protection services; wastewater treatment; sewage treatment and its recycling; water resources management; water resources consulting services; emerging energy, resource recycling technology research and development; new energy, environmental protection technology development, technology consulting, technology exchange, technology transfer, technology promotion, technology services; urban drainage facilities management services; municipal facilities management services; environmental consulting services; engineering management services; engineering supervision services; internet of things application services; import and export of goods, import and export of technology, import and export agent; domestic tourism business. (Market entities independently choose their own business projects and carry out business activities under the law; for items subject to approval according to laws, business activities that can only be carried out with the approval of relevant authority; engaging in business activity that is prohibited and restricted by the state and the local industrial policy is not allowed.)

#### (II) Shareholding structure and control relationship

As of the date of signing this Plan, the controlling shareholder and the de facto controller of CTG are SASAC. The shareholding structure and control relationship of

CTG are as follows:



Note: On 20 September 2019, the State Council, the Ministry of Finance, the Ministry of Human Resources and Social Security, the SASAC and other bureaus jointly issued the Notice on Comprehensively Transferring Part of State-Owned Capital to Fortify Social Security Funds. Until present, the relevant transfer registration of 10% equity interest of CTG has been completed within the state-owned assets system. However, the procedures for change of business registration have not yet been completed.

## II. Three Gorges Investment

### (I) Basic information

<b>Name</b>	Yangtze Three Gorges Investment Management Co., Ltd.
<b>Nature of enterprise</b>	limited liability company (Sole proprietorship of a legal person invested or controlled by a non-natural person)
<b>Registered address</b>	Room 231, 2/F, Unit 2, 231 Shibocun Road, China (Shanghai) Pilot Free Trade Zone
<b>Legal representative</b>	He Hongxin
<b>Unified social credit identifier</b>	91310115MA1K4H2Y6R
<b>Date of establishment</b>	20 February 2020
<b>Registered capital</b>	RMB50,000,000,000
<b>Scope of business</b>	Items subject to licensing: various engineering construction activities. (For items subject to approval according to laws, business activities that can only be carried out with the approval of relevant authority, and specific business items subject to the approval documents or permits of relevant authority) General items: planning, design, investment, operation, technology research and development, products and services related to ecology & environmental protection, clean energy, urban water supply and water conservancy projects. (operation of items that are subject to approval according to laws can only be conducted with approval by relevant authority)

### (II) Shareholding structure and control relationship

As of the date of signing this Plan, Three Gorges Investment is the wholly-owned subsidiary of Three Gorges Group, and its de facto controller is SASAC. The shareholding structure and control relationship of Three Gorges Investment are as follows:



Note: On 20 September 2019, the State Council, the Ministry of Finance, the Ministry of Human Resources and Social Security, the SASAC and other bureaus jointly issued the Notice on Comprehensively Transferring Part of State-Owned Capital to Fortify Social Security Funds. As of the date of signing this Plan, the relevant transfer registration of 10% equity interest of CTG has been completed within the state-owned assets system. However, the procedures for change of business registration have not yet been completed.

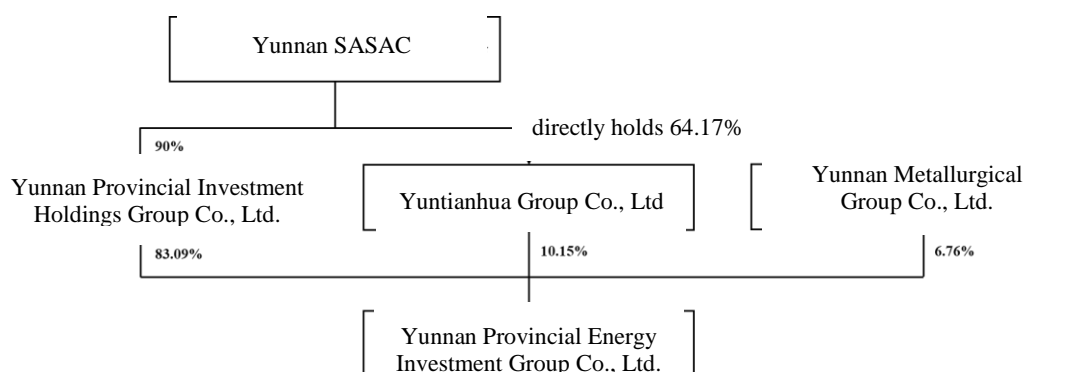
### III. Yunnan Energy Investment

#### (I) Basic information

<b>Name</b>	Yunnan Provincial Energy Investment Group Co., Ltd.
<b>Nature of enterprise</b>	other limited liability company
<b>Registered address</b>	Centralized Control Building, Yunnan Energy Investment Group, 616 Rixin Middle Road, Xishan District, Kunming, Yunnan Province
<b>Legal representative</b>	Sun Degang
<b>Unified social credit identifier</b>	91530000589628596K
<b>Date of establishment</b>	17 February 2012
<b>Registered capital</b>	RMB11,659,997,624
<b>Scope of business</b>	investment in and management of power, coal and other energy sources; investment in and management of power and energy related industries and products such as environmental protection and new energy; participation in the investment in oil and gas resources and pipeline network projects; investment in and operation of other projects; and technical services, investment planning, consulting management and information services related to the investment industry.

#### (II) Shareholding structure and control relationship

As of the date of signing this Plan, the controlling shareholder of Yunnan Energy Investment is Yunnan Provincial Investment Holdings Group Co., Ltd., and its de facto controller is Yunnan SASAC. The shareholding structure and control relationship of Yunnan Energy Investment are as follows:



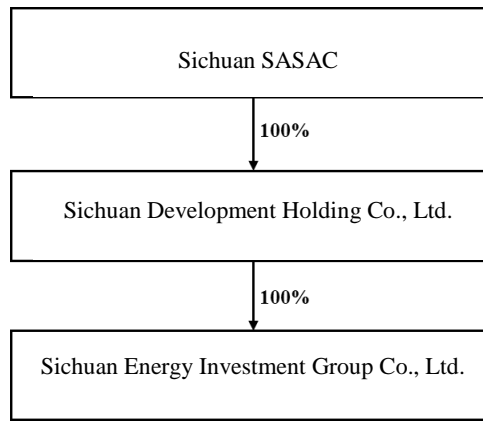
## IV. Sichuan Energy Investment

### (I) Basic information

<b>Name</b>	Sichuan Energy Investment Group Co., Ltd.
<b>Nature of enterprise</b>	other limited liability company
<b>Registered address</b>	Building 10, Zone A, 1 Chengfei Avenue, Qingyang Industrial Centralized Development Zone, Chengdu
<b>Legal representative</b>	Sun Yun
<b>Unified social credit identifier</b>	91510000569701098H
<b>Date of establishment</b>	21 February 2011
<b>Registered capital</b>	RMB9,316,000,000
<b>Scope of business</b>	general business items (the following scope does not cover items subject to prior licensing, and items subject to post-licensing shall be operated with licenses or approval documents): investment in and management of energy projects (financial activities such as illegal fund-raising and receipt of public funds are prohibited). (operation of items that are subject to approval according to laws can only be conducted with approval by relevant authority)

### (II) Shareholding structure and control relationship

As of the date of signing this Plan, the controlling shareholder of Sichuan Energy Investment is Sichuan Development Holding Co., Ltd., and its de facto controller is Sichuan SASAC. The shareholding structure and control relationship of Sichuan Energy Investment are as follows:



Note: Sichuan Development Holding Co., Ltd. has bought back 32.20% equity interest of Sichuan Energy Investment held by ICBC Credit Suisse Investment Management Co., Ltd. However, the procedures for change of business registration have not yet been completed.

## SECTION IV OVERVIEW OF THE TARGET ASSETS

### I. Overview

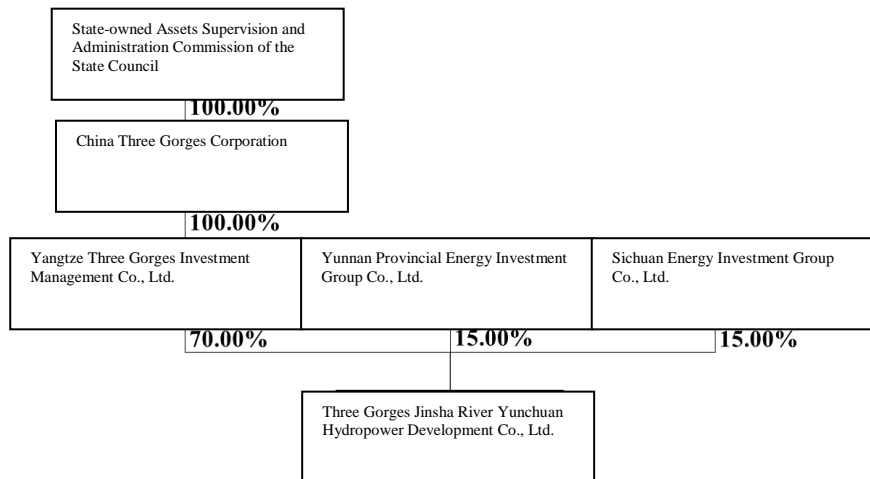
Company name	Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.
Unified social credit identifier	915301030615619360
Type of enterprise	other limited liability company
Registered capital	RMB56,000,000,000
Legal representative	Fan Xiaxia
Date of establishment	29 January 2013
Operating period	From 29 January 2013 with no fixed term
Registered address	18/F, Kunming Three Gorges Building, 220 Baoyun Road, Panlong District, Kunming, Yunnan Province
Scope of business	development, construction, investment, operation and management of hydropower; professional technical services related to clean energy; development of and investment in clean energy (operation of items that are subject to approval according to laws can only be conducted with approval by relevant authority)

### II. Shareholding Structure

As of the signing date of the Plan, the shareholding structure of Yunchuan Co. is as follows:

No.	Name of shareholder	Capital contribution (RMB 0'000)	Proportion of contribution
1	CTG	2,240,000.00	40.00%
2	Three Gorges Investment	1,680,000. 00	30.00%
3	Yunnan Energy Investment	840,000.00	15.00%
4	Sichuan Energy Investment	840,000.00	15.00%
	<b>Total</b>	<b>5,600,000. 00</b>	<b>100.00%</b>

The shareholding structure and controlling shareholders of Yunchuan Co. are as follows:



Note: According to the approval of CTG, Three Gorges Investment transferred its 40% equity of Yunchuan Co. to CTG with no consideration. As of the signing date of the Plan, the industrial and commercial change registration for the free transfer is in progress.

### III. Overview of Subsidiaries

As of the signing date of the Plan, Yunchuan Co. has no subsidiaries except 2 branches. The details of the branches of Yunchuan Co. are as follows:

#### (I) Luquan Wudongde Power Plant of Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.

Company name	Luquan Wudongde Power Plant of Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.
Unified social credit identifier	91530128MA6K5WDW5R
Type of enterprise	limited liability company branch (state-owned)
Responsible officer	Yang Zongli
Date of establishment	3 May 2016
Operating period	From 3 May 2016 with no fixed term
Registered address	Jinjiang Team, Xin Village, Wudongde Town, Luquan Yi and Miao Autonomous County, Kunming City, Yunnan Province
Scope of business	development, construction, investment, operation and management of hydropower; professional technical services related to clean energy; development of and investment in clean energy (operation of items that are subject to approval according to laws can only be conducted with approval by relevant authority)

#### (II) Ningnan Baihetan Power Plant of Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.

Company name	Ningnan Baihetan Power Plant of Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.
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Unified social credit identifier	91513427MA62H5DP37
Type of enterprise	limited liability company branch (state-owned)
Responsible officer	Wang Zhilin
Date of establishment	5 May 2016
Operating period	From 5 May 2016 with no fixed term
Registered address	Liangzi Camp, Shang Village, Baihetan Town, Ningnan County
Scope of business	development, construction, investment, operation and management of hydropower; professional technical services related to clean energy; development of and investment in clean energy (operation of items that are subject to approval according to laws can only be conducted with approval by relevant authority)

## **IV. Development of Principal Businesses**

### **(I) Principal products or services**

Yunchuan Co. is principally engaged in the development, construction, operation and management of Wudongde Hydropower Plant and Baihetan Hydropower Plant along the lower reaches of Jinsha River. The principal product is the generated electricity, which is used to supply power to the grid to meet the domestic electricity demand.

### **(II) Profit model**

As a hydropower generation enterprise, Yunchuan Co. mainly uses natural hydropower resources to produce electricity. After Wudongde Hydropower Plant and Baihetan Hydropower Plant were put into operation, Yunchuan Co. has entrusted CYPC to carry out the operation and management of Wudongde Hydropower Plant and Baihetan Hydropower Plant, and sell the electricity generated by the subordinate hydropower plants to the grid companies by regularly entering into power purchase and sales contracts with them based on the tariff policies approved by the National Development and Reform Commission, and calculate the income from sales of electricity based on the unit electricity price and the electricity sold, and the profit after deducting the costs and expenses of power generation and production and operation.

### **(III) Core competitiveness**

#### **1. Abundant waterpower resources in the river basin**

Wudongde Hydropower Plant and Baihetan Hydropower Plant of Yunchuan Co. are located in the lower reach of the valley of the Jinsha River, which is one of the top 13 hydropower bases in the PRC. The Jinsha River is the upper reach of the Yangtze River and possesses a well-developed water system, with numerous tributaries, abundant and stable water, featuring a big and concentrated vertical drop. The river basin where hydropower plants of Yunchuan Co. are located has abundant waterpower resources, which will ensure the stable power generation of the Company.

## **2. Large-sized single unit in the plants with high power generation efficiency**

There are six water turbine generators with 850,000 KW are installed in the underground powerhouses under each of the left and right bank of Wudongde Hydropower Plant of Yunchuan Co., with a total installed capacity of 10.2 million KW and an average total power generation of 38.9 billion KWH over the years, representing the seventh largest hydropower plant in the world. There are eight water turbine generators with 1,000,000 KW installed in the underground powerhouses under each of the left and right bank of Baihetan Hydropower Plant, with a total installed capacity of 16 million KW and an average total power generation of 61.1 billion KWH over the years, representing the second largest hydropower plant in the world. Wudongde Hydropower Plant and Baihetan Hydropower Plant has large-sized single unit, with high power generation efficiency.

## **3. Guaranteed consumption of electric energy**

Wudongde Hydropower Plant and Baihetan Hydropower Plant of Yunchuan Co. are key national energy projects and the primary power supply of the “West-to-East Power Transmission”. They are both trans-regional and trans-provincial long-distance transmission and consumption, with significant scale advantages and brand effects. Yunchuan Co. has gradually formed a large-sized hydropower trans-regional and trans-provincial consumption mechanism, which is more scientific and complete, laying a solid foundation for the rational and orderly consumption of electric energy.

## **4. Strong cascade-based joint dispatching ability in the basin**

After Wudongde Hydropower Plant and Baihetan Hydropower Plant of Yunchuan Co. has been put into operation, the current joint cascade-based dispatching capacity of CYPC is enabled to expand from “joint dispatching of four plants”, being

Three Gorges Dam, Gezhouba Hydropower Plant, Xiluodu Hydropower Plant and Xiangjiaba Hydropower Plant, to “joint dispatching of six plants”, which help further narrow the difference between inflows during normal-water and low-flow periods and high-water period, and improve the overall water energy utilization rate while reducing waste water, thereby increasing the power generation of downstream hydropower plants. Meanwhile, better coordination will be achieved in the multi-objective integrated dispatch, such as flood control, water replenishment, power generation, and water ecological protection, giving full play to the role of reservoir dam in regulation and ecological protection.

## V. Major Financial Data

As the audit work of the Target Company has yet to be completed as of the signing date of the Plan, relevant financial data set out in this section have not been audited. The major financial data of Yunchuan Co. in the latest two years and period are as follows:

Unit: RMB 0'000

Item of Assets and Liabilities	30 September 2021	31 December 2020	31 December 2019
Total assets	22,549,853.46	20,179,018.81	14,608,499.62
Total liabilities	17,233,959.63	16,051,743.73	11,408,499.62
Owner's equity	5,315,893.83	4,127,275.08	3,200,000.00
Owner's equity attributable to the parent company	5,315,893.83	4,127,275.08	3,200,000.00
Item of income and profit	January- September 2021	2020	2019
Operating income	897,579.82	333,700.28	0.00
Operating profit	388,538.75	127,275.29	0.00
Total profit	388,618.75	127,275.08	0.00
Net profit	388,618.75	127,275.08	0.00
Net profit attributable to the shareholders of the parent company	388,618.75	127,275.08	0.00

## **SECTION V OVERVIEW OF ISSUANCE OF SHARES AND CONVERTIBLE CORPORATE BONDS**

### **I. Overview of Issuance of Shares and Convertible Corporate Bonds involved in the Acquisition of Asset**

The payment methods in the Acquisition of Asset are the issuance of shares, the issuance of convertible corporate bonds (if any) and payment of cash. As the shares, convertible corporate bonds (if any), cash payment percentage and payment amount of each counterparty have yet to be finalised, related matters will be determined by the parties to the Transaction after negotiations upon the completion of the audit and valuation of the Target Assets, and will be disclosed in the Restructuring Report.

#### **(I) The Concrete Plan for the Acquisition of Assets by Way of Issuance of Shares**

##### **1. Type, nominal value and listing place of the shares to be issued**

The type of shares to be issued under the Transaction is RMB Ordinary A Shares with a nominal value of RMB1.00 each, and the listing place is SSE.

##### **2. Price Determination Date, pricing principles and issue price**

The Price Determination Date for the Acquisition of Asset by way of shares is the announcement date of the first Board resolution of the Listed Company to consider matters related to the Transaction, being the announcement date of the resolutions of the 30th meeting of the fifth session of Board.

Pursuant to the relevant provisions under the Administrative Measures for Material Asset Restructuring: the issue price of shares of a listed company shall not be less than 90% of the market reference price, being one of the average trading prices of the company's shares for the proceeding 20 trading days, 60 trading days, or 120 trading days prior to the Price Determination Date. The calculation formula of the average transaction price is: the average trading price of the company's shares on several trading days before the Price Determination Date = the total trading amount of the company's shares on several trading days before the announcement date of the resolutions/ the total trading volume of the company's shares on several trading days

before the announcement date of the resolutions.

After calculation, the market reference prices that the Listed Company can choose in terms of the Acquisition of Asset by way of issuance of shares are:

Unit: RMB/share

Market reference price	Average trading price	90% of the average trading price
Proceeding 20 trading days	20.30	18.27
Proceeding 60 trading days	20.74	18.67
Proceeding 120 trading days	20.30	18.27

After negotiations between the parties to the Transaction, the issue price for the Acquisition of Asset by way of issuance of shares is fixed at RMB18.27 per share by the Listed Company, which is not less than 90% of one of the average trading prices of the shares of the Listed Company for 20, 60 and 120 trading days prior to the Price Determination Date.

In the event that the Listed Company, during the period from the Price Determination Date to the date of the issuance of shares, conducts any ex-rights or ex-dividends event including dividends distribution, bonus issue, rights issue and capitalisation of capital reserves, etc., the issue price shall be adjusted accordingly.

### 3. Target subscribers

The target subscribers in the Acquisition of Asset by way of issuance of shares will be CTG, Three Gorges Investment, Yunnan Energy Investment and Sichuan Energy Investment.

### 4. Number of shares to be issued

The number of shares to be issued will be determined according to the following formula:

Number of shares issued to the Counterparties = the amount of consideration to be paid by way of issuance of shares in the Transaction ÷ the issue price of shares to be issued. According to the basis of rounded down to the nearest share, and the part less than one share shall be included in the capital reserve. The number of shares to be issued is subject to the number of shares finally approved and confirmed by CSRC.

As the transaction price of the Target Assets has yet to be finalised as of the signing date of the Plan, the number of shares to be issued in the Transaction has not been finalised.

In the event that the Listed Company, during the period from the Price Determination Date to the date of issuance, conducts any ex-rights or ex-dividends event including dividends distribution, bonus issue, rights issue and capitalisation of capital reserves, etc., the number of shares to be issued will be adjusted accordingly based on the adjustment to the issue price.

## **5. Lock-up period arrangement**

The Consideration Shares acquired by CTG and Three Gorges Investment through the Transaction shall not be transferred within 36 months from the date of the completion of the issuance of shares, except those permitted to be transferred by applicable laws and regulations. If the closing price of the Listed Company's shares for 20 consecutive trading days is lower than the issue price within 6 months after the completion of the Transaction, or the closing price at the end of the 6 months after the completion of the Transaction is lower than the issue price, the lock-up period of the Consideration Shares acquired by CTG and Three Gorges Investment through the Transaction will be extended by 6 months automatically on the basis of the original lock-up period.

The Consideration Shares acquired by Yunnan Energy Investment and Sichuan Energy Investment through the Transaction shall not be transferred within 12 months from the date of the completion of the issuance of shares, except those permitted to be transferred by applicable laws and regulations.

Upon the completion of the Transaction, the new shares gained by the Counterparties through the Consideration Shares acquired in the Transaction during the lock-up period of shares due to the bonus issue and capitalisation of capital reserves made by the Listed Company shall also be subject to the above lock-up arrangement of shares. If CSRC or SSE has disagreements on the above lock-up arrangement, such arrangement will be adjusted and implemented pursuant to the opinions from CSRC or SSE.

## **(II) The Concrete Plan for the Acquisition of Assets by Way of Issuance of Convertible Corporate Bonds**

### **1. Type and nominal value of the convertible corporate bonds to be issued**

The type of convertible corporate bonds to be issued is convertible corporate bonds which can be converted into A Shares of the Company, which will be listed on SSE.

The convertible corporate bonds will be issued at par with a nominal value of RMB100 each.

### **2. Method of issuance and target subscribers**

The issuance of convertible corporate bonds will be made by way of non-public issuance to specific subscribers. The target subscribers will be CTG, Three Gorges Investment, Yunnan Energy Investment and Sichuan Energy Investment.

### **3. Number of convertible corporate bonds to be issued**

The number of convertible corporate bonds to be issued will be determined according to the following formula:

Number of convertible corporate bonds issued to the Counterparties = the amount of consideration to be paid by way of issuance of convertible corporate bonds in the Transaction  $\div$  100 (rounded down).

As the transaction price of the Target Assets has yet to be finalised as of the signing date of the Plan, the number of convertible corporate bonds to be issued in the Transaction has not been finalised.

### **4. Initial conversion price and adjustment of conversion price**

The initial conversion price of the convertible corporate bonds to be issued is the issue price for the Acquisition of Asset by way of issuance of shares, being RMB18.27 per share.

In the event that the Listed Company, during the period from the Price Determination Date for the issuance of convertible corporate bonds to the term of the

convertible corporate bonds, conducts any ex-rights or ex-dividends event including dividends distribution, bonus issue, rights issue and capitalisation of capital reserves, etc., the conversion price shall be adjusted accordingly pursuant to the relevant requirements of CSRC or SSE.

## **5. Source of conversion shares**

Shares converted from the convertible corporate bonds to be issued is derived from the shares issued by the Listed Company or the treasury shares formed as a result of the repurchase of shares by the Listed Company.

## **6. Term of bonds**

The term of the convertible corporate bonds is 6 years commencing from the date of completion of the issuance.

## **7. Conversion period**

The conversion period of the convertible corporate bonds commences from the first trading day after 6 months from the date of the completion of issuance and ends on the expiry date of the convertible corporate bonds, during which, holders of convertible corporate bonds can exercise the conversion rights pursuant to the arrangement.

## **8. Lock-up period**

The convertible corporate bonds acquired by CTG and Three Gorges Investment through the Transaction shall not be transferred within 36 months from the date of the completion of the issuance of convertible corporate bonds, except those permitted to be transferred by applicable laws and regulations. If the closing price of the Listed Company's shares for 20 consecutive trading days is lower than the issue price within 6 months after the completion of the Transaction, or the closing price at the end of the 6 months after the completion of the Transaction is lower than the issue price, the lock-up period of the convertible corporate bonds acquired by CTG and Three Gorges Investment through the Transaction will be extended by 6 months automatically on the basis of the original lock-up period. If CTG and Three Gorges Investment convert the above convertible corporate bonds into shares of the Listed Company, the ordinary shares acquired through the conversion shall also be subject to the

corresponding lock-up arrangement.

The convertible corporate bonds acquired by Yunnan Energy Investment and Sichuan Energy Investment through the Transaction shall not be transferred within 12 months from the date of the completion of the issuance of convertible corporate bonds, except those permitted to be transferred by applicable laws and regulations. If Yunnan Energy Investment and Sichuan Energy Investment convert the above convertible corporate bonds into shares of the Listed Company, the converted shares shall not be transferred within 18 months from the date of the completion of the issuance of the convertible corporate bonds.

Upon the completion of the Transaction, the new shares gained by the Counterparties as a result of the shares of the Listed Company derived from the conversion of convertible corporate bonds acquired in the Transaction during the lock-up period of shares due to the bonus issue and capitalisation of capital reserves made by the Listed Company shall also be subject to the above lock-up arrangement of shares. If CSRC or SSE has disagreements on the above lock-up arrangement, such arrangement will be adjusted and implemented pursuant to the opinions from CSRC or SSE.

## **9. Other arrangements on share conversion**

The number of shares applied to be converted by holders of convertible corporate bonds shall be in whole number. Within five trading days from the conversion made by the holders of convertible corporate bonds, the Listed Company will pay them in cash an amount equal to the nominal value of such convertible corporate bonds which are insufficient to be converted into one share and the interest accrued on such balance of that period in accordance with the relevant requirements of authorities, including SSE.

## **10. Miscellaneous**

The issuance of convertible corporate bonds does not create any guarantee and rating. Terms of the target convertible corporate bonds in the Transaction, including the coupon rate, interest payment period and method, repurchase and sell back, shall be determined by all parties after negotiations, and disclosed in the Restructuring Report. The new A Shares of the Listed Company as a result of the conversion of

convertible corporate bonds to be issued shall rank pari passu with all the existing A Shares. All ordinary shareholders (including those derived from the conversion of the convertible corporate bonds) whose names are recorded on the register of members of the Company on the record date for dividend distribution shall be entitled to receive the dividend of that period and enjoy equal rights and interests.

## **II. Arrangements for Supporting Funds Raising**

The Listed Company intends to raise supporting funds by way of non-public issuance of shares and/or convertible corporate bonds to not more than 35 specific investors, and it is expected that the total amount of funds raised will not exceed 100% of the transaction consideration paid by way of issuance of shares or convertible corporate bonds (if any) under the Transaction, and the number of shares to be issued (including the initial number of shares converted from such convertible corporate bonds in the supporting funds raising) will not exceed 30% of the total share capital of the Listed Company before the issuance. The specific use of the raised funds will be determined by the parties to the Transaction after negotiations upon the completion of the audit and valuation of the Target Assets, and will be disclosed in the Restructuring Report.

The Acquisition of Asset shall not be conditional upon the implementation of the supporting funds raising, and the final success of the issuance for the supporting funds raising shall not affect the Acquisition of Assets.

### **(I) The Concrete Plan for Supporting Funds Raising by Way of Non-public Issuance of Shares**

#### **1. Type, nominal value and listing place of the shares to be issued**

The type of shares to be issued in the supporting funds raising by way of non-public issuance of shares under the Transition is RMB Ordinary A Shares with a nominal value of RMB1.00 each, and the listing place is SSE.

#### **2. Price Determination Date, pricing principles and issue price**

In the Transaction, the Price Determination Date for the non-public issuance of shares to raise supporting funds represents the first day of the non-public issuance of shares. The issue price of the shares to be issued in the supporting funds raising by

way of non-public issuance of shares under the Transition shall not be lower than 80% of the average trading price of shares of the Company for 20 trading days preceding the Price Determination Date. The final issue price will be determined, subject to the approval of the Transaction from CSRC, after negotiations between the Board of Directors of the Listed Company and all parties, pursuant to the authorization of the general meeting and in accordance with the provisions of relevant laws, administrative regulations and regulatory documents, as well as the bid prices offered by the target subscribers.

In the event that the Listed Company, during the period from the Price Determination Date for the non-public issuance of shares to raise supporting funds to the date of issuance, conducts any ex-rights or ex-dividends event including dividends distribution, bonus issue, rights issue and capitalisation of capital reserves, etc., the issue price shall be adjusted accordingly pursuant to the relevant requirements of CSRC or SSE.

### **3. Target subscribers**

The Listed Company intends to raise supporting funds by way of non-public issuance of shares and/or convertible corporate bonds to not more than 35 specific investors.

### **4. Size and number of shares to be issued**

The Listed Company intends to raise supporting funds by way of non-public issuance of shares and/or convertible corporate bonds to not more than 35 specific investors, and it is expected that the total amount of funds raised will not exceed 100% of the transaction consideration paid by way of issuance of shares or convertible corporate bonds (if any) under the Transaction, and the number of shares to be issued (including the initial number of shares converted from the convertible corporate bonds in the supporting funds raising) will not exceed 30% of the total share capital of the Listed Company before the issuance. Subject to the approval from CSRC, the final number of shares to be issued for the supporting funds raising will be determined pursuant to the relevant provisions of the Administrative Measures for Issuance of Securities and the results of the inquiry.

In the event that the Listed Company, during the period from the Price

Determination Date for the issuance of shares to raise supporting funds to the date of issuance, conducts any ex-rights or ex-dividends event including dividends distribution, bonus issue, rights issue and capitalisation of capital reserves, etc., the number of shares to be issued shall be adjusted accordingly based on the issue price.

## **5. Lock-up period arrangement**

The Listed Company intends to raise supporting funds by way of non-public issuance of shares and/or convertible corporate bonds to not more than 35 specific investors. The shares to be subscribed by the above specific investors shall not be transferred in any way within 6 months from the completion date of the issuance. Upon the completion of the non-public issuance of shares to raise supporting funds, shares enjoyed by the subscribers of the raised supporting funds due to the Transaction, including bonus issue and capitalization issue of the Listed Company, shall also be subject to the above lock-up arrangement. If there is any inconsistency between the requirements relating to the lock-up arrangement of the shares subscribed in the supporting funds raising and the latest regulatory opinions of the securities regulatory authority, the Company and the subscribers will make corresponding adjustments and implement pursuant to the regulatory opinions of the relevant securities regulatory authority.

## **(II) The Concrete Plan for Supporting Funds Raising by Way of Non-public Issuance of Convertible Corporate Bonds**

### **1. Type and nominal value of the convertible corporate bonds to be issued**

The type of convertible corporate bonds to be issued under the supporting funds raising by way of non-public issuance of convertible corporate bonds is convertible corporate bonds which can be converted into A Shares of the Company, which will be listed on SSE.

The convertible corporate bonds will be issued at par with a nominal value of RMB100 each.

### **2. Method of issuance and target subscribers**

The Listed Company intends to raise supporting funds by way of non-public issuance of shares and/or convertible corporate bonds to not more than 35 specific

investors.

### **3. Size and number of convertible corporate bonds to be issued**

The total amount of funds raised will not exceed 100% of the transaction consideration paid by way of issuance of shares or convertible corporate bonds (if any) under the Transaction, and the number of shares to be issued (including the initial number of shares converted from the convertible corporate bonds in the supporting funds raising) will not exceed 30% of the total share capital of the Listed Company before the issuance. Subject to the approval from CSRC, the final number of convertible corporate bonds to be issued for the supporting funds raising by way of non-public issuance of convertible corporate bonds will be determined by the Board of Directors of the Listed Company based on the authorization of the general meeting and the actual situations when the issuance occurs.

### **4. Initial conversion price and adjustment of conversion price**

The initial conversion price of the convertible bonds shall not be less than the average trading price of the issuer's shares for the last 20 trading days preceding the issuance of the subscription invitation and the average trading price for the previous trading day, and shall be determined by negotiation among the board of directors of the Listed Company, with the authorisation from the general meeting of shareholders, and the lead underwriter prior to the issuance, in accordance with the national policies, market conditions and the specific circumstance of the Listed Company. In the event that relevant policy guidelines on the pricing method of convertible bonds are introduced by the relevant regulatory authorities in the future, the conversion price will also be subject to such policy guidelines.

In the event that the Listed Company, during the period from the Price Determination Date for the supporting funds raising by way of non-public issuance of convertible corporate bonds to the term of the convertible corporate bonds, conducts any ex-rights or ex-dividends event including dividends distribution, bonus issue, rights issue and capitalisation of capital reserves, etc., the conversion price shall be adjusted accordingly pursuant to the relevant requirements of CSRC or SSE.

### **5. Source of conversion shares**

The source of the shares converted from the convertible corporate bonds to be

issued for supporting funds raising is the shares issued by the Listed Company or the treasury shares derived from the repurchase of shares by the Listed Company.

## **6. Term of bonds**

The term of the convertible corporate bonds to be issued for supporting funds raising is 6 years commencing from the date of completion of the issuance.

## **7. Conversion period**

The conversion period of the convertible corporate bonds to be issued for supporting funds raising commences from the first trading day after 6 months from the date of the completion of issuance and ends on the expiry date of the convertible corporate bonds, during which, holders of convertible corporate bonds can exercise the conversion rights pursuant to the arrangement.

## **8. Lock-up period**

The convertible corporate bonds subscribed by investors in the supporting funds raising shall not be transferred within 6 months from the date of completion of issuance, and the shares converted from the convertible corporate bonds shall not be transferred within 18 months from the date of completion of the issuance of convertible corporate bonds.

If CSRC or SSE has disagreements on the above lock-up arrangement, such arrangement will be adjusted and implemented pursuant to the opinions from CSRC or SSE.

## **9. Other arrangements on share conversion**

The number of shares applied to be converted by holders of convertible corporate bonds shall be in whole number. Within five trading days from the conversion made by the holders of convertible corporate bonds, the Listed Company will pay them in cash an amount equal to the nominal value of such convertible corporate bonds which are insufficient to be converted into one share and the interest accrued on such balance of that period in accordance with the relevant requirements of authorities, including SSE.

## **10. Miscellaneous**

The issuance of convertible corporate bonds for the supporting funds raising does not create any guarantee and rating. Terms of the target convertible corporate bonds in the Transaction, including the coupon rate, interest payment period and method, repurchase and sell back, shall be determined by all parties after negotiations, and disclosed in the Restructuring Report. The new A Shares of the Listed Company as a result of the conversion of convertible corporate bonds for the supporting funds raising shall rank pari passu with all the existing A Shares. All ordinary shareholders (including those derived from the conversion of the convertible corporate bonds) whose names are recorded on the register of members of the Company on the record date for dividend distribution shall be entitled to receive the dividend of that period and enjoy equal rights and interests.

## **SECTION VI ESTIMATED VALUE AND TENTATIVE PRICE OF THE TARGET ASSETS**

As the audit and valuation work involved in the Transaction has not been completed as of the signing date of the Plan, the valuation of the Target Assets and the transaction price have not yet been finalised. The specific transaction consideration of the Target Assets under the Transaction will be determined by the Listed Company and the Counterparties after negotiations based on the valuation results as set out in the valuation report to be issued by a valuation agent that meets the requirements of relevant laws and regulations and filed with the competent state-owned assets supervision and administration authority, and will be separately agreed in the agreement to be entered into among all parties.

The audited financial data and asset valuation results of the relevant assets, and pricing of the Target Assets will be disclosed in the Restructuring Report. Investors shall note that there may be significant difference between the audited financial data, the final results of the evaluation or valuation of the relevant assets and disclosures in the Plan.

## **SECTION VII IMPACTS OF THE TRANSACTION ON THE LISTED COMPANY**

As the audit and valuation work involved in the Transaction has not been fully completed as of the signing date of the Plan, the Company will hold another Board meeting upon the completion of such work, and conduct a detailed analysis of the specific impacts of the Transaction on the Listed Company in the Restructuring Report, which shall be brought to the special attention of investors.

### **I. Impacts of the Transaction on the Principal Businesses of the Listed Company**

Prior to the Transaction, the Listed Company was principally engaged in the operation of large-scale hydropower, and management and operation of six giant hydropower stations, such as Three Gorges, Gezhouba, Xiluodu, Xiangjiaba, Wudongde and Baihetan (including the Wudongde and Baihetan hydropower stations currently entrusted to the Company). As of 30 September 2021, the Company has a total installed capacity of 45.595 million KW (excluding the Wudongde and Baihetan hydropower stations currently entrusted to the Company), ranking the top of the companies in the global hydropower industry.

Yunchuan Co. to be acquired under the Transaction is the investor of Wudongde Hydropower Plant and Baihetan Hydropower Plant. Wudongde Hydropower Plant has an approved installed capacity of 10.2 million KW, all of which has been put into production; while Baihetan Hydropower Plant has an approved installed capacity of 16 million KW, part of which has been put into production.

Upon the completion of the Transaction, the Listed Company owns 6 giant cascade hydropower plants along the main stream of the Yangtze River, and its consolidated installed capacity has grown to 71.795 million KW, representing an increase of 57.46%. Before and after the Transaction, the consolidated hydropower installed capacity of the Company are shown in the following table:

<b>Type/name of hydropower station</b>	<b>Consolidated installed capacity of the Listed Company before the Transaction (0'000 KW)</b>	<b>Consolidated installed capacity of the Listed Company after the Transaction (0'000 KW)</b>
<b>Domestic:</b>	<b>4,549.5</b>	<b>7,169.5</b>

Three Gorges	2,250.0	2,250.0
Gezhouba	273.5	273.5
Xiluodu	1,386.0	1,386.0
Xiangjiaba	640.0	640.0
Wudongde	-	1,020.0
Baihetan	-	1,600.0
<b>Foreign:</b>	<b>10.0</b>	<b>10.0</b>
<b>Total</b>	<b>4,559.5</b>	<b>7,179.50</b>

Note: “consolidated installed capacity” refers to the total installed capacity of hydropower plants that are wholly-owned or controlled by the Company.

The Listed Company remain focused on the production, operation and investment of hydropower, with no material change in its principal businesses. The joint dispatching ability of the Listed Company along the Yangtze River Basin will be further enhanced, which will help promote the Listed Company to expand and enhance its hydropower business, and highlight the status of hydropower, thus consolidating its position as the world's hydropower giant.

## II. Impacts of the Transaction on the Profitability of the Listed Company

Upon the completion of the Transaction, given that Yunchuan Co. will be included in the scope of consolidation of the Listed Company, the asset scale and profitability of the Listed Company are expected to be improved, thus further consolidating its position in the industry and enhancing its core competitiveness.

On 24 November 2021, the “Guiding Opinions on Accelerating the Construction of a Unified National Electricity Market System” issued by the National Central Commission for the Comprehensive Deepening of Reform has stated the necessity to promote the construction of a power market mechanism that is adaptable to the transformation of the energy structure, advance the accession of new energy into market transactions in an orderly manner, and scientifically guide power planning and effective investment in ways that give play to the supporting role of power market in the transition to clean and low-carbon energy. Amid the reform of the power mechanism, the acquisition of high-quality hydropower assets, focusing on low-carbon clean energy, and expansion of installed hydropower capacity by the Listed Company, will be conducive to improving its profitability and sustainability.

The audit and valuation work involved in the Transaction has not been finalised. Hence, the Company will complete the audit and valuation work as soon as possible upon the issue of the Plan, and hold another Board meeting to make a resolution on the Transaction, and conduct a detailed analysis of the specific impacts of the

Transaction on the financial condition and profitability of the Company in the Restructuring Report.

### **III. Impacts of the Transaction on the Shareholding Structure of the Listed Company**

Before the Transaction, CTG was the controlling shareholder of the Listed Company, and the SASAC was the de facto controller of the Listed Company. Upon the completion of the Transaction, the controlling shareholder and the de facto controller of the Listed Company will still be CTG and SASAC, respectively. The Transaction will neither cause changes in the controlling shareholder and de facto controller of the Listed Company, nor will it result in non-compliance in the shareholding structure of the Listed Company under the listing requirements of SSE.

Given that the transaction price of the Target Assets under the Restructuring has not yet been determined, the shareholding changes before and after the Transaction cannot be calculated. In terms of the specific shareholding changes before and after the Transaction, the Company will hold another Board meeting upon the completion of the audit and valuation work to make a resolution on the Transaction, and conduct a detailed analysis of the shareholding changes before and after the Transaction in the Restructuring Report.

## **SECTION VIII RISK ANALYSIS**

### **I. Risk Relating to the Transaction**

#### **(1) The risk of the Transaction being suspended, terminated or cancelled**

The Company shall issue a notice of convening a general meeting within 6 months after the announcement date of the board of directors' resolutions for the first review of the matters related to the Transaction. If the notice of general meeting fails to be issued on time, the Transaction may be cancelled. Although the Company has established and strictly implemented confidentiality measures in accordance with relevant regulations, it is still possible for the Transaction to be suspended, terminated or cancelled in the course of the Transaction due to abnormal fluctuations in the Company's stock price or abnormal transactions that may be suspected of insider trading. In addition, the audit, evaluation and other works of the Target Assets still take time. If the relevant matters cannot be completed on time, or there are unforeseen reasons that lead to a significant decline in the performance of the Target Assets, the Transaction may fail to be carried out as scheduled. If the Transaction needs to be restarted, it may be faced with the risk of stock issue price and repricing of the transaction target, which should be brought to the attention of investors.

#### **(2) The risk of the Transaction not being approved**

The transaction has yet to receive a series of approvals, including but not limited to the competent state-owned assets supervision and administration authorities completing the filing of the assessment report on all shareholders' equity and assets of the Target Company, the Listed Company convening a meeting of the board of directors to review and approve the plan of the Transaction once again, the competent state-owned assets supervision and administration authorities approving the Transaction, the plan of the Transaction being reviewed and approved at the

general meeting of the Listed Company, CSRC approving the Transaction etc. Whether the above approval, filing or approval can be obtained for the Transaction and the time when the above approval, filing or approval is obtained is uncertain. There is a risk of approval for the Transaction, which should be brought to the attention of investors.

### **(3) The risk of audits, evaluation and other works not yet completed and the transaction price not yet determined**

As of the signing date of this plan, the audit, evaluation and other works of the Target Company have not been completed, and the estimated value and transaction price of the Target Assets have not yet been determined. The financial data involved in this plan is for investors' reference only. The final data is subject to the audit report issued by an auditor that meets the requirements of relevant laws and regulations. The transaction price of the Target Assets of the Transaction will be issued by an asset appraisal institution with relevant business qualifications, with the valuation results of the valuation report filed by the competent state-owned assets supervision and administration authorities as the reference basis, and shall be negotiated and determined by the parties to the transaction.

The audited financial data of relevant assets, the asset valuation results, the final transaction prices of the Target Assets and other data will be disclosed in the Restructuring Report, which may be quite different from the disclosure of this plan and should be brought to the attention of investors.

### **(4) The risk of failing to implement the raised counterpart funds**

As a part of the transaction plan, counterpart funds, the Listed Company intends to raise counterpart funds for non-public offering of stocks and/or convertible corporate bonds to not more than 35 specific qualified investors. If the laws, regulations or other regulatory documents of the PRC have the latest regulations or

regulatory opinions on the target of issuance and the number issued of non-public stocks or convertible corporate bonds, the Listed Company will make corresponding adjustments in accordance with the latest regulations or regulatory opinions.

It is still uncertain as to whether the above-mentioned fundraising of counterpart funds can be approved by the CSRC. In addition, if the stock price fluctuates or the market environment changes, there may be a risk that the amount of counterpart funds raised is insufficient or even fails to be raised.

## **II. Operating risks of the Target Company**

### **(1) The risk of water supply in the Jinsha River basin**

The main assets of the Target Company are the Wudongde hydropower station and the Baihetan hydropower station, which is located in the downstream reaches of the Jinsha River basin, one of the 13 largest hydropower bases in the PRC. The power generation and operating results of hydropower stations are significantly affected by the water supply in the basin. The uncertainty of water supply and seasonal fluctuations and differences will have a material impact on the Target Company's power production and operating results.

### **(2) The risk of adjustment in the power grid price**

Currently, the power grid price of power generation enterprises in the PRC is strictly regulated by the government. According to the Several Opinions of the Central Committee of the Communist Party of China and the State Council on Promoting the Price Mechanism Reform issued on 12 October 2015, the marketization of energy prices will be accelerated. Following the overall principle of “allowing for more competition in electricity generation, sales and consumption while tightening government regulation of power grid, transmission and distribution”, electricity and other energy price reforms will be promoted, the power grid price and the sales price of electricity other than public welfare will be orderly liberalized, and

a mechanism for determining energy prices mainly by the market will be established. According to the requirements of the Notice of the National Development and Reform Commission and National Energy Administration on Printing and Distributing Supporting Documents for Power System Reform (Fa Gai Jing Ti [2015] No.2752) and the ancillary document titled the National Energy Administration and the Opinions on Implementation of Orderly Liberalising Power Generation and Utilization Plan on 26 November 2015, the PRC will actively promote direct transactions, procure that for the electricity directly traded by power generation companies with users and electricity sales companies, the power grid price and the sales price shall be initially formed by the market, and the government pricing of some on-grid electricity will be gradually cancelled. However, the notice also made it clear that while liberalising direct transactions, for electricity other than those corresponding to priority power generation and priority purchase, other power grid prices for power generation companies shall be mainly determined by users, power sellers and power generation companies through independent negotiation, market bidding and other methods.

In March 2017, NDRC and NEA issued the Notice on the Plan of Orderly Relaxation of Power Generation and Utilization (Fa Gai Yun Xing [2017] No.294), clarifying that the existing large-scale hydropower, wind power, solar power and other clean energy power generation within the national plan shall be heavily guaranteed through the priority power generation plan. The power level of priority power generation plan shall not be lower than the actual level of the previous year or the multi-year average level. The price shall be executed based on the principle of the Notice of the National Development and Reform Commission on Issues Concerning Improving the Price Formation Mechanism for Trans-provincial and Trans-regional Electric Energy Trading (Fa Gai Jia Ge [2015] No.962). Part of the power outside the priority power generation plan shall participate in the market-based bidding of the power receiving area.

With the deepening of the reform of the power system, the power grid price of Yunchuan Co. may fluctuate, and it will have a certain impact on the operating conditions of Yunchuan Co.

### **(3) The risk of changes in preferential tax policies**

According to the relevant requirements of the Circular on the Implementation of the Catalogue of the Key Public Infrastructure Projects Supported by the State and Entitled for Preferential Tax Treatment (Guo Shui Fa [2009] No.80), Yunchuan Co. enjoys the “three exemptions and three halves” policy for paying corporate income tax. Yunchuan Co. will strictly implement the national taxation policy.

Currently, the income tax preferential amount enjoyed by Yunchuan Co. accounts for a certain proportion of the Company’s total profit. If the policy expires or policy changes causing Yunchuan Co. to not continue to enjoy the above tax benefits in the future, the profitability of Yunchuan Co. may be affected.

### **(4) The risk of unfinished project and unfinished accounts**

Currently, the Wudongde hydropower station of Yunchuan Co. has been fully put into operation of power generation, while the Baihetan hydropower station is still in the construction period and has not been fully put into operation for power generation. There are still some unfinished parts in the project, and the project has not yet completed the final completion accounts. If there is a difference between the final settlement amount of project completion in the future and the current actual project cost, it will result in adjustments to the value of assets currently recorded in the account, which may have a certain impact on Yunchuan Co.’s operating results.

### **(5) Electricity market risk**

The development of the macro economy in the PRC is characterized by cyclical fluctuations. The power industry has a close relationship with the macroeconomic operation and development cycle. With the cyclical fluctuations of the macro

economy, the demand for the electricity market will also change, which will have a certain degree of impact on the Company's operating conditions and business development. In 2020, the power consumption of the entire society in the PRC reached 7.51 trillion kWh, representing a growth of 3.1% over last year; in the first three quarters in 2021, the power consumption of the entire society in the PRC reached 6.17 trillion kWh, representing a growth of 12.9%.

Considering that the current macroeconomic and domestic and international situations are complex and changeable, there are a lot of uncertainties. If the macro economy fluctuates in the future, the demand in the electricity market will in turn fluctuate, and the operating results of Yunchuan Co. may be affected to a certain extent.

## **(6) Policy risk**

As the Chinese economy enters a new normal, economic growth has shifted from high-speed growth to mid-high-speed growth. The growth momentum has shifted from investment-driven to innovation-driven. Comprehensively deepening reform and opening, in-depth advancement of reforms in key areas, and continuous enhancement of development momentum and vitality have become the focus of government work. The current electricity market-oriented reforms continue to deepen, and reforms in hydropower development, river basin water resources management, immigration, environmental protection and fields are also gradually advancing. The uncertainties of the reform may bring certain policy risks to Yunchuan Co.'s operation and management.

## **III. Other risks**

### **(1) Stock price fluctuation risk**

The return on the stock market is positively correlated with the risk. On the one hand, the stock price is affected by the company's profitability and tends to be the

present value of the company's future value in the long run; on the other hand, stock prices are affected by factors such as economic conditions, macro policies, fluctuations in supply and demand, and investor expectations. Therefore, the Company's stock price may deviate from its value due to factors such as macroeconomic fluctuations, changes in national policies, and changes in stock supply and demand. In addition, since the Transaction of the Company requires approval by relevant departments, and the approval time is uncertain, the stock market prices may fluctuate during such period, which may bring certain risks to the investors.

## **(2) Other risks**

In the process of production and operation of the hydropower station, it may be affected by earthquakes, typhoons, floods, landslides, wars, national policy adjustments and other unforeseen force majeure factors whose occurrence and consequences cannot be prevented or avoided. The operation and profitability of the hydropower assets are thus subject to certain uncertainties.

## **SECTION IX OTHER IMPORTANT MATTERS**

### **I. The Company's asset transactions in the last twelve months and an explanation of the relationship with the Transaction**

According to the requirements of the Administrative Measures for Material Asset Restructuring: if the Listed Company purchases or sells the same or related assets continuously within 12 months, the corresponding amounts shall be calculated on the basis of the cumulative number. Asset transactions that have been prepared and disclosed in the material asset restructuring report in accordance with the Administrative Measures for Material Asset Restructuring do not need to be included in the cumulative calculation. If CSRC has other provisions on the cumulative period and scope of material asset restructuring as specified in the first paragraph of Article 13 of the Administrative Measures for Material Asset Restructuring, such provisions shall prevail. If the Target Assets in a transaction is owned or controlled by the same transaction party, or belongs to the same or similar business scope, or is under other circumstances recognized by CSRC, it is considered as the same or related asset.

Within the 12 months prior to the Transaction, the Company does not have to purchase or sell assets that need to be included in the cumulative calculation range of the relevant indicators of the Restructuring.

### **II. Explanation for the stock price fluctuation of the Company not reaching 20% before the suspension**

Based on the requirements of laws and regulations including the Notice on the Regulation of Information Disclosure by Listed Companies and Acts of Relevant Parties (Zheng Jian Gong Si Zi [2007] No.128) issued by CSRC, the Listed Company has conducted a self-examination of the stock price fluctuations before its stocks were continuously suspended. The calculation is based on the suspension of trading of the Listed Company's stocks since the opening of the market on 29 November 2021.

Suspension began since the opening of the market. The cumulative rise and fall within the 20 trading days before the suspension and the cumulative rise and fall of the Shanghai Composite Index (000001.SH) and the WIND electricity index (882528.WI) in the same time interval are as follows:

Item	21 trading days before the suspension (29 October 2021)	1 trading day before the suspension (26 November 2021)	Rise and fall
Stock closing price of the Company (600900.SH)	21.25	19.53	-8.09%
Shanghai Composite Index (000001.SH)	3,547.34	3,564.09	0.47%
WIND electricity index (882528.WI)	3,990.96	3,661.38	-8.26%
<b>Rise and fall excluding the influence of the broader market factors</b>			<b>-8.57%</b>
<b>Rise and fall excluding the influence of the same industry sector</b>			<b>0.16%</b>

In summary, after excluding the influence of factors from the broader market and the same industry sectors, the cumulative rise and fall of the Listed Company within the 20 trading days before the suspension did not exceed 20%, and the stock price fluctuations did not meet the relevant standards under Article 5 of the Notice on the Regulation of Information Disclosure by Listed Companies and Acts of Relevant Parties (Zheng Jian Gong Si Zi [2007] No.128).

**III. There are no circumstances under which all parties to the Restructuring shall not participate in any material asset restructuring of the Listed Company in accordance with Article 13 of the Interim Provisions on Strengthening Supervision over Abnormal Stock Trading Related to the Material Asset Restructuring of Listed Companies**

As of the signing date of the Plan, for the Company and the Company's directors, supervisors, senior management, the Company's controlling shareholders and their controlled institutions, the directors, supervisors and senior management of the controlling shareholders of the Company, the counterparties of the Transaction and their related parties, as well as other entities participating in the Restructuring: there is no case for investigation or detection due to suspected insider trading related to

material asset restructuring; there have been no cases where CSRC has imposed administrative penalties or judicial authorities have pursued criminal responsibility for suspected insider trading related to material asset restructuring in the past 36 months; and there are no circumstances under which Article 13 of the Interim Provisions on Strengthening Supervision over Abnormal Stock Trading Related to the Material Asset Restructuring of Listed Companies shall not participate in material asset restructuring.

#### **IV. The arrangements for the protection of the interests of small and medium investors in the Restructuring**

During the course of the Transaction, the Listed Company will adopt the following arrangements and measures to protect the legitimate interests of investors, especially small and medium investors:

##### **(1) Strictly fulfill the information disclosure obligations of the Listed Company**

The Company and relevant information disclosure obligors will strictly comply with the relevant requirements of the Company Law, the Securities Law, the Administrative Measures for Material Asset Restructuring, the Standard No. 26, the Notice on the Regulation of Information Disclosure by Listed Companies and Acts of Relevant Parties and other laws and regulations, earnestly fulfill their information disclosure obligations, and disclose to all investors in a timely and fair manner the major events that may have a greater impact on the stock trading prices of the Listed Company. After the disclosure of the Plan, the Company will continue to truthfully, accurately and completely disclose the progress of the Transaction in accordance with the requirements of relevant regulations.

##### **(2) Strictly implement the Listed Company's review and voting procedures**

During the course of the Transaction, the Listed Company strictly followed the relevant regulations and performed legal procedures to vote and disclose. The Transaction constitutes a related party transaction, and has been approved by

independent directors in advance before being submitted to the board of directors for deliberation. The independent directors have issued independent director opinions on the Transaction. The Company convened meetings of board of directors and board of supervisors to review and approve the relevant resolutions for the Transaction, and the relevant resolutions complied with the Company Law and other relevant laws, administrative regulations, departmental rules and other regulatory documents and the relevant provisions of the Articles.

### **(3) Online voting platform provided on the general meeting**

The Company will provide an online voting platform for voting on the Plan of the Transaction in accordance with the Provisions on Strengthening the Protection of the Rights and Interests of Public Shareholders issued by CSRC and other relevant requirements. Shareholders can vote on-site or vote directly through the Internet.

### **(4) Ensure that the pricing of the Transaction is fair and just**

The Listed Company intends to hire auditors and valuation institutions that meet the requirements of relevant laws and regulations to audit and evaluate the Target Assets, to ensure that the pricing of the Target Assets in the Transaction is fair and just, and that the pricing process is legal and compliant, and does not harm the interests of shareholders of the Listed company.

### **(5) Arrangement for the Transaction to dilute the current earnings per share return**

As of the signing date of the Plan, the preparation works of the audit report of the Target Company and the pro forma review report of the Listed Company have not been completed. Therefore, it is currently impossible to predict the change trend of the Company's earnings per share in the year when the Transaction is completed relative to earnings per share in the previous year. Relevant information will be disclosed in the Restructuring Report. The Listed Company will conduct an analysis in a serious manner on whether the Transaction is diluting the immediate return, and formulate specific measures to replenish the return.

### **(6) Other measures to protect the interests of investors**

The Listed Company guarantees the relevant information and documents (including but not limited to original written materials, copy materials or oral testimony, etc.) provided to relevant intermediaries regarding the Transaction and the explanations and confirmations issued for the Transaction are true, accurate and complete, without any false records, misleading statements or material omissions. The copy or photocopy of the relevant documents are guaranteed to be consistent with the authentic or original, and all signatures and seals on the documents are guaranteed to be true and valid.

During the course of the Transaction, the Listed Company will promptly disclose information regarding the Transaction and submit relevant filing documents in accordance with the relevant laws and regulations, the relevant requirements of CSRC and SSE. It also guarantees the authenticity, accuracy and completeness of the information disclosure and application documents, and promises that if the information disclosure and application documents contain false records, misleading statements or material omissions, which cause losses to investors, it will undertake to bear individual and joint legal responsibilities.

#### **V. Opinions in principle of the controlling shareholders of the Listed Company and parties acting in concert with them in relation to the Restructuring**

CTG, a controlling shareholder of the Listed Company, and parties acting in concert with it have issued their opinions in principle in relation to the Restructuring, the specific content of which is as follows: “The Company believes that the Transaction is beneficial to enhancing the listed Company’s ability to continue operating, improving the profitability of the Listed Company, optimizing the capital structure, meeting the strategic development needs of the Target Company, and protecting the interests of Listed Company’s shareholders, especially small and medium shareholders. The Company agrees in the Transaction in principle”.

#### **VI. The share reduction plan of the controlling shareholders of the Listed Company and parties acting in concert with them and all directors, supervisors and senior management of the Listed Company since the date of resumption of the Restructuring until the completion of implementation**

According to the undertaking issued by CTG, a controlling shareholder of the Listed Company, and parties acting in concert with it, there is no voluntary share reduction plan of CTG and parties acting in concert with it during the period from the date of resumption of the Transaction to the completion of implementation of the Transaction, and there will be no voluntary reduction in holding of shares of the Listed Company, except for the passive reduction of shareholding due to the exchange of convertible corporate bonds approved by the regulatory authorities, and the addition of new guarantee shares due to the exchange of cash dividends by convertible corporate bonds.

According to the undertaking issued by all directors, supervisors and senior management of the Listed Company, there is no share reduction plan of the directors, supervisors and senior management of the Listed Company during the period from the date of resumption of the Transaction to the completion of implementation of the Transaction, and there will be no reduction in holding of shares of the Listed Company.

# **SECTION X OPINIONS OF INDEPENDENT DIRECTORS AND INDEPENDENT FINANCIAL ADVISER**

## **I. Opinions of independent directors**

### **(1) Pre-approval opinions of independent directors**

According to the Guidelines on the Establishment of Independent Directorship of Listed Companies, the Stock Listing Rules, the Administrative Measures for Material Asset Restructuring, the Articles and other relevant requirements, the independent directors have carefully reviewed all the materials to be submitted to the Company's board of directors for the Transaction, and issued the following pre-approved opinions based on the standpoint of independent judgment:

1. CTG is a controlling shareholder of the Company. Three Gorges Investment is a wholly owned subsidiary of CTG. Zong Renhuai, a director of the Company, is a senior management of Sichuan Energy Investment. According to the Listing Rules and other relevant requirements, CTG, Three Gorges Investment and Sichuan Energy Investment are related parties of the Company, and the Transaction constitutes a related party transaction.

2. After the completion of the Transaction, it will help the Company to further improve the quality and scale of its assets, enhance the market competitiveness of the Company, help to raise the profitability and sustainability of the Company, and it will be beneficial to the long-term development of the Company. The Transaction is in the interests of the Company and all shareholders, and there is no harm to the interests of small and medium shareholders.

3. The Plan prepared by the Company for the Transaction, and the Material Asset Purchase Agreement with effective conditions to be signed comply with the

requirements of relevant laws, regulations, rules and regulatory documents, including the Company Law, the Securities Law, the Administrative Measures for Material Asset Restructuring, the Provisions on Material Asset Reorganization Issues, the Administrative Measures for Issuance of Securities and the Administrative Measures for Convertible Corporate Bonds. The Transaction is practicable.

4. The transaction price of the Target Assets in the Transaction will be issued by an asset valuation institution that meets the requirements of the Securities Law, and the pricing of which will be based on the valuation results of the Target Assets determined in the valuation report after filing by the competent state-owned assets supervision and administration authorities. The pricing principle of the Target Assets is reasonable and does not harm the interests of small and medium shareholders.

In summary, the independent directors agreed to submit the matters related to the Transaction to the 30th meeting of the fifth session of the board of directors of the Company for consideration.

## **(2) Independent opinions of independent directors**

According to the Guidelines on the Establishment of Independent Directorship of Listed Companies, the Stock Listing Rules, the Administrative Measures for Material Asset Restructuring, the Articles of Association and other relevant requirements, the independent directors have carefully reviewed the relevant documents of the Transaction, and issued the following independent opinions upon prudent analysis:

1. The Transaction constitutes a related party transaction. The independent directors have already approved the Plan of the Transaction and relevant resolutions before they are submitted to the board of directors of the Company for consideration. The relevant resolutions of the Transaction have been considered and approved at the 30th meeting of the fifth session of the board of directors of the Company. The related directors have abstained from voting in accordance with the law. The convening, holding and voting procedures of this board meeting are in compliance with the

requirements of the laws, regulations and the Articles. The resolutions in this board meeting are legal and valid.

2. The Transaction complies with the requirements of the laws, regulations and regulatory documents, including the Company Law, the Securities Law, the Administrative Measures for Material Asset Restructuring, the Provisions on Material Asset Reorganization Issues, the Administrative Measures for Issuance of Securities and the Administrative Measures for Convertible Corporate Bonds. The proposal is reasonable and the Transaction is practicable.

3. The transaction price of the Target Assets in the Transaction will be determined based on the valuation results in the valuation report issued by an asset appraisal institution that meets the requirements of the Securities Law and has been filed by the competent state-owned assets supervision and administration authorities. The pricing of the Target Assets is fair and reasonable, in compliance with relevant laws and regulations, and there is no harm to the interests of the Company and other shareholders.

4. The Plan prepared by the Company for the Transaction complies with relevant laws and regulations and is feasible.

5. The pricing principle involved in issuance of shares, issuance of convertible corporate bonds to the trading counterparty and raising of counterpart funds in the Transaction complies with the requirements of relevant laws, regulations and regulatory documents. The pricing is fair and reasonable, and there is no harm to the interests of the Company and all shareholders.

6. The Transaction is beneficial to enhancing the core competitiveness and sustainable profitability of the Company, reducing related party transactions and avoiding competition with peers in the same industry. It is beneficial to the long-term development of the Company and in line with the interests of all shareholders of the Company.

7. The Company has agreed the Material Asset Purchase Agreement signed with the trading counterparty with effective conditions and the overall arrangement of the board of directors on the Transaction. After the relevant audit and evaluation work for the Transaction is completed, the Company will hold another board meeting to consider the relevant content of the Transaction, and the independent directors will express our opinions again on the related matters at that time.

## **II. Opinions of the Independent Financial Advisors**

The audit and evaluation work related to the Transaction has not been completed, and the price of the Target Assets has not yet been finalized. According to the verification of the information provided by the parties to the transaction and related commitments and statements as of now, the Independent Financial Advisors strictly followed the relevant requirements of the Company Law, the Securities Law, the Administrative Measures for Material Asset Restructuring, the Standard No. 26, the Provisions on Material Asset Reorganization Issues and other laws, regulations and documents. Based on the principles of honesty, credibility and diligence, and on the basis of carefully reviewing the information provided by all parties and fully understanding the Transaction, the Independent Financial Advisors issued the following verification opinions of the Independent Financial Advisors:

1. The Restructuring of the Listed Company complies with the requirements of the Company Law, the Securities Law, the Administrative Measures for Material Asset Restructuring, the Provisions on Several Issues, the Standard No. 26, the Administrative Measures for Issuance of Securities, the Administrative Measures for the Financial Consultancy Business, the Guidelines for Financial Consultancy Services and other laws, regulations and regulatory documents and the requirements of CSRC;

2. The Listed Company complies with relevant laws and regulations and the restructuring conditions stipulated by CSRC. The preparation of the Plan and other

information disclosure documents complies with the requirements of the relevant laws, regulations and regulatory documents, as well as the relevant requirements of CSRC and SSE. The information disclosed is true, accurate and complete, and there are no false records, misleading statements or material omissions;

3. According to the relevant requirements, the parties to the Transaction have issued relevant undertakings and statements, and have signed a conditionally effective restructuring agreement. The principal terms of the agreement are complete and comply with the requirements of the relevant laws, regulations and regulatory documents;

4. The uncertainties and risks related to the Transaction have been disclosed;

5. Given that the Listed Company will prepare the Restructuring Report and submit it to the board of directors for discussion after the completion of the relevant audit and evaluation work, the Independent Financial Advisors will issue a report of the Independent Financial Advisors regarding the Plan of the Transaction in accordance with the relevant requirements of the Administrative Measures for Material Asset Restructuring and other laws, regulations and regulatory documents at that time.

## SECTION XI STATEMENT AND UNDERTAKING

### I. Statement by all directors

All directors of China Yangtze Power Co., Ltd. undertook that the Plan of material asset restructuring and related information are true, accurate and complete, and there are no false records, misleading statements or material omissions. They assume corresponding legal responsibilities for the authenticity, accuracy and completeness of the information provided.

#### All directors:

Lei Mingshan	Ma Zhenbo	Zhang Xingliao	He Hongxin
Wang Shiping	Zong Renhuai	Su Jinsong	Zhou Chuangen
Zhao Yan	Zhao Qiang	Zhang Chongjiu	Lu Zhenyong
Zhang Biyi	Wen Bingyou	Yan Ye	

China Yangtze Power Co., Ltd.

10 December 2021

## **II. Statement by all supervisors:**

All supervisors of China Yangtze Power Co., Ltd. undertook that the Plan of material asset restructuring and related information are true, accurate and complete, and there are no false records, misleading statements or material omissions. They assume corresponding legal responsibilities for the authenticity, accuracy and completeness of the information provided.

### **All supervisors:**

Zeng Yi	Mo Jinhe	Xia Ying	Sheng Xiang
Teng Weiheng	Hu Yang	Chen Yanshan	Yang Xingbin

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### **III. Statement by all senior management**

All senior management of China Yangtze Power Co., Ltd. undertook that the Plan of material asset restructuring and related information are true, accurate and complete, and there are no false records, misleading statements or material omissions. They assume corresponding legal responsibilities for the authenticity, accuracy and completeness of the information provided.

#### **Senior management personnel, except directors and supervisors:**

Zhan Pingyuan

Xie Jun

Chen Hui

Ran Yichuan

Li Shaoping

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China Yangtze Power Co., Ltd.

10 December 2021