

China Yangtze Power Co., Ltd.  
Meeting Materials for the 2nd Extraordinary General  
Meeting in 2022

June 30, 2022

Proposal 1:

## Proposal on Purchasing Assets by Issuing Shares and Paying Cash and Raising Subscription Funds as well as on Related Party Transaction

### **To Shareholders and Shareholders' Representatives:**

The Company intends to purchase 100% equity of Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd. (hereinafter referred to as "Yunchuan Company" or "Target Company") jointly held by China Three Gorges Corporation (hereinafter referred to as "CTG"), Yangtze River Three Gorges Investment Management Co., Ltd. (hereinafter referred to as "Three Gorges Investment"), Yunnan Provincial Energy Investment Group Co., Ltd. (hereinafter referred to as "YEIG") and Sichuan Energy Industry Investment Group Co., Ltd. (hereinafter referred to as "SCEI") by issuing shares and paying cash (hereinafter referred to as "this asset purchase", 100% equity of the Target Company is referred to as "underlying assets"), and raise subscription funds by private placement of shares (hereinafter referred to as "this subscription fund raising", this asset purchase and this subscription fund raising are collectively referred to as "this transaction").

The specific scheme of this transaction is as follows:

#### I. Overall scheme of this transaction

The Company intends to purchase 100% equity of Yunchuan Company jointly held by CTG, Three Gorges Investment, YEIG, and SCEI by issuing shares and paying cash.

Meanwhile, the Company intends to raise subscription funds from no more than 35 specific investors by private placement of shares. The total amount of raised funds does not exceed 16,096,765,600 yuan and does not exceed 100% of the transaction consideration paid by issuing shares in this transaction. The number of issued shares does not exceed 30% of the Company's total capital stock before the issuance. The raised funds are used to pay the cash consideration after intermediary fees and other related issuance fees are deducted. This asset purchase is not based on the successful raising of subscription funds, and whether the issuance of the raised subscription funds is successful or not does not affect the implementation of this asset purchase.

## II. Scheme of this asset purchase

### 1. Counterparty

The counterparties of this asset purchase are CTG, Three Gorges Investment, YEIG, and SCEI.

### 2. Underlying assets

The transaction object of this asset purchase is 100% equity of Yunchuan Company.

### 3. Pricing principle and transaction price

Based on the appraisal results contained in the appraisal report issued by China Enterprise Appraisals Co., Ltd. (China Enterprise Appraisals) and filed with the State-owned Assets Supervision and Administration Commission of the State Council, the appraisal value of 100% equity of Yunchuan Company is 80,483,827,900 yuan on 31 January 2022, the base date of asset appraisal.

Based on the above appraisal value, the transaction consideration for 100% equity of Yunchuan Company is 80,483,827,900 yuan after negotiation among the parties to

this transaction.

#### 4. Payment method

The Company pays the above transaction consideration by a combination of issuing shares and paying cash. The details are as follows:

Unit: 10,000 yuan

Counterparty	Corresponding equity proportion in Yunchuan Company	Transaction consideration	Payment by issuing shares	Payment by paying cash
CTG	40.00%	3,219,353.12	804,838.28	2,414,514.84
Three Gorges Investment	30.00%	2,414,514.84	-	2,414,514.84
YEIG	15.00%	1,207,257.42	402,419.14	804,838.28
SCEI	15.00%	1,207,257.42	402,419.14	804,838.28
Total	100.00%	8,048,382.79	1,609,676.56	6,438,706.23

#### 5. Share issuance scheme involved in this asset purchase

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

The shares issued in this asset purchase are RMB A common shares with a par value of 1.00 yuan per share, and are listed on the Shanghai Stock Exchange.

##### (2) Base date for pricing, pricing principle, and offering price

The base date for pricing the assets purchased by issuing shares is the announcement date of the first resolution of the Board of Directors of the Company on the matters related to this transaction, that is, the announcement date of the resolution

of the 30th Meeting of the Fifth Board of Directors.

According to the relevant provisions of the *Administration Measures for Significant Asset Restructuring of Listed Companies*, the offering price of shares issued by listed companies shall not be less than 90% of the market reference price. The market reference price is one of the average transaction prices of the Company's shares for 20, 60 or 120 transaction days before the base date for pricing. The average transaction prices are calculated by the following formula: average transaction prices of the Company's shares for certain transaction days before the base date for pricing = total transaction amount of the Company's shares for certain transaction days before the announcement date of the resolution/total transaction volume of the Company's shares for certain transaction days before the announcement date of the resolution.

After calculation, the average transaction prices of shares of listed companies for 20, 60 or 120 transaction days before the base date for pricing the assets purchased by issuing shares are as follows:

Unit: Yuan/share

Market reference price	Average transaction price	90% of the average transaction price
The first 20 transaction days	20.30	18.27
The first 60 transaction days	20.74	18.67
The first 120 transaction days	20.30	18.27

After negotiation among the parties to this transaction, the Company

preliminarily determines that the offering price of shares issued in this asset purchase is 18.27 yuan/share, which is not lower than 90% of one of the average transaction prices of the Company's shares for 20, 60 or 120 transaction days before the base date for pricing.

During the period from the base date for pricing to the issue date of shares, if the Company implements ex-right and ex-dividend matters such as dividend distribution, bonus issue, allotment of shares, and capitalization of surplus, the offering price will be adjusted accordingly. The specific adjustment methods of the offering price are as follows:

Assuming that the price of new shares before adjustment is  $P_0$ , the number of bonus shares issued or shares after capitalization for every share is  $N$ , the number of new shares issued or shares allotted for every share is  $K$ , the price of new shares issued or shares allotted is  $A$ , the dividend per share is  $D$ , and the price of new shares after adjustment is  $P_1$  (the adjusted value is rounded to two decimal places), then:

If the dividend distribution is implemented, then:  $P_1 = P_0 - D$

If the bonus issue or capitalization is implemented, then:  $P_1 = \frac{P_0}{(1 + N)}$

If the issuance of new shares or allotment of shares is implemented, then:

$$P_1 = \frac{P_0 + A \times K}{(1 + K)}$$

If the above three items are implemented simultaneously, then:  $P_1 = \frac{P_0 - D + A \times K}{(1 + K + N)}$

According to the 2021 Annual Profit Distribution Plan of the Company reviewed and adopted by the Company at the 2021 Annual General Meeting held on 25 May 2022, the cash dividend of 8.153 yuan (tax inclusive) will be distributed for every 10 shares based on the total number of 22,741,859,230 shares at the end of 2021, with a total cash dividend of 18,541,437,830.22 yuan.

Since the 2021 Annual Profit Distribution Plan has been reviewed and adopted at the general meeting of the Company, the Company will implement ex-right and ex-dividend matters for the offering price of shares issued in the purchase of assets by issuing shares and paying cash. The calculation formula is as follows:

If the dividend distribution is implemented, then:  $P_1 = P_0 - D$

As the 2021 Annual Profit Distribution Plan of the Company only involves the distribution of cash dividends, the offering price of shares issued in the purchase of assets by issuing shares after adjustment is  $18.27 - 0.8153 = 17.4547$  yuan/share based on the above formula. As the minimum change unit of the A-share transaction price is 0.01 yuan, the offering price after rounding up to two decimal places is 17.46 yuan/share.

(3) Issue object

The issue objects are CTG, YEIG, and SCEI.

(4) Number of shares issued

The Company will issue 460,961,213 shares, 230,480,606 shares, and 230,480,606 shares to CTG, YEIG, and SCEI respectively to pay part of the transaction consideration. The final number of shares issued will be subject to the number of shares issued adopted at the general meeting of the Company and finally approved by the China Securities Regulatory Commission.

Counterparty	Payment by issuing shares (10,000 yuan)	Number of shares issued (share)
CTG	804,838.28	460,961,213
YEIG	402,419.14	230,480,606
SCEI	402,419.14	230,480,606
Total	1,609,676.56	921,922,425

During the period from the base date for pricing to the issue date, if the Company implements ex-right and ex-dividend matters such as dividend distribution, bonus issue, allotment of shares, and capitalization of surplus, the number of shares issued will be adjusted accordingly based on the adjustment of the offering price.

(5) Arrangements for the lockup period

The consideration shares acquired by CTG through this transaction shall not be transferred within 36 months from the date of the end of issuance of shares, except those assigned as permitted by applicable laws and regulations. If the closing price of the Company's shares for 20 consecutive transaction days is lower than the offering price within 6 months after the completion of this transaction, or if the closing price is lower than the offering price at the end of 6 months after the completion of this transaction, the lockup period of the consideration shares acquired by CTG through this transaction will be automatically extended by 6 months on the basis of the original lockup period.

The consideration shares acquired by YEIG and SCEI through this transaction shall not be transferred within 12 months from the date of the end of issuance of shares, except those assigned as permitted by applicable laws and regulations.

After the completion of this transaction, the arrangements for the corresponding lockup period shall also be applicable to the corresponding increase in the consideration shares acquired by the counterparty through this transaction due to the Company's bonus issue and capitalization during the lockup period of shares.

If the above arrangements for the lockup period are inconsistent with the latest regulatory opinions of the China Securities Regulatory Commission or Shanghai Stock Exchange, the counterparty will adjust and implement the above arrangements for the



lockup period based on the regulatory opinions of the China Securities Regulatory Commission or Shanghai Stock Exchange.

6. Cash consideration scheme involved in this asset purchase

The Company intends to pay the transaction consideration of 64,387,062,300 yuan in cash. The Company will pay the cash consideration of 24,145,148,400 yuan, 24,145,148,400 yuan, 8,048,382,800 yuan, and 8,048,382,800 yuan to CTG, Three Gorges Investment, YEIG, and SCEI respectively.

7. Profits or losses during the transition period

During the transition period, the period from the appraisal base date (exclusive) to the delivery date (inclusive) contained in the asset appraisal report is the transition period. During the transition period, the profits or losses of Yunchuan Company shall be shared or borne by CTG, Three Gorges Investment, YEIG, and SCEI based on their equity proportions in Yunchuan Company.

8. Arrangements for accumulated undistributed profits

The undistributed profits accumulated by the Company before this issuance will be shared by the new and old shareholders of the Company based on their shareholding proportions after this issuance, but the profits distributable to the shareholders realized by the Company during the transition period will not be shared for the new shares acquired by CTG, YEIG, and SCEI through this asset purchase.

9. Transfer of ownership of underlying assets and liability for breach

After this transaction is approved by the China Securities Regulatory Commission, the parties to this transaction shall cooperate with each other to complete the delivery and transfer procedures of the underlying assets as soon as possible according to relevant laws and regulations. All rights, interests, benefits, and risks of the underlying

assets shall be transferred to the Company from the delivery date (inclusive).

According to the *Material Assets Purchase Agreement of China Three Gorges Corporation, Yangtze River Three Gorges Investment Management Co., Ltd., Yunnan Provincial Energy Investment Group Co., Ltd., Sichuan Energy Industry Investment Group Co., Ltd., and China Yangtze Power Co., Ltd.*, if any party to the Agreement breaches its obligations under the Agreement or its representations, warranties and commitments made in the Agreement, causing losses to other parties, the party shall compensate other parties for the losses caused by it.

#### 10. Validity period of the resolution

The resolution on this asset purchase shall be valid within 12 months from the date of review and adoption at the general meeting. If this transaction is approved by the China Securities Regulatory Commission within the above validity period, the validity period will be extended to the completion date of this transaction.

#### III. Arrangement for this subscription fund raising

The Company intends to raise subscription funds from no more than 35 specific investors by private placement of shares. The total amount of raised funds does not exceed 16,096,765,600 yuan and does not exceed 100% of the transaction consideration paid by issuing shares in this transaction. The number of issued shares does not exceed 30% of the Company's total capital stock before the issuance. The raised funds are used to pay the cash consideration after intermediary fees and other related issuance fees are deducted. This asset purchase is not based on the successful raising of subscription funds, and whether the issuance of the raised subscription funds is successful or not does not affect the implementation of this asset purchase.

If the raising of subscription funds fails to be implemented or the financing

amount is lower than the expected amount, the Company will solve the problem by self-raised funds. Before the raised subscription funds are available, the Company may use the self-raised funds for the above subscription fund purposes according to the market situation and its own actual situation and replace them after the raised funds are available.

If the scheme for raising subscription funds in this transaction is inconsistent with the latest regulatory opinions of the securities regulatory authorities, the Company will make corresponding adjustments based on the regulatory opinions of the relevant securities regulatory authorities.

1. Specific scheme for raising subscription funds by private placement of shares

(1) Type, par value and place of listing of shares to be issued

The shares to be issued for raising subscription funds by private placement of shares in this transaction are RMB A common shares with a par value of 1.00 yuan per share, and are listed on the Shanghai Stock Exchange.

(2) Base date for pricing, pricing principle, and offering price

The base date for pricing of subscription funds to be raised by private placement of shares in this transaction is the first day of the private placement of shares. The offering price of shares to be issued for raising subscription funds by private placement of shares in this transaction shall not be lower than 80% of the average price of the Company's shares for 20 transaction days before the base date for pricing. The final offering price will be determined by the Board of Directors of the Company through consultation with the parties based on the authorization of the general meeting and the subscription quotations of issue objects and according to the provisions of relevant laws, administrative regulations and normative documents after this transaction is approved

by the China Securities Regulatory Commission.

(3) Issue object

The Company intends to raise subscription funds from no more than 35 specific investors by private placement of shares.

(4) Use of raised funds

The raised funds are used to pay the cash consideration after intermediary fees and other related issuance fees are deducted.

(5) Issue size and number of shares issued

The Company intends to raise subscription funds from no more than 35 specific investors by private placement of shares. The total amount of raised subscription funds does not exceed 16,096,765,600 yuan and does not exceed 100% of the transaction consideration paid by issuing shares in this transaction. The number of issued shares does not exceed 30% of the Company's total capital stock before the issuance. The final number of shares to be issued for raising subscription funds will be determined according to the relevant provisions of the *Measures for the Administration of Securities Issuance by Listed Companies* and based on the inquiry results after the approval by the China Securities Regulatory Commission.

(6) Arrangements for accumulated undistributed profits

The undistributed profits accumulated by the Company before this issuance of shares for raising subscription funds will be shared by the new and old shareholders of the Company based on their shareholding proportions after this issuance, but the profits distributable to the shareholders realized by the Company during the transition period will not be shared for the new shares acquired by CTG, YEIG, and SCEI through this asset purchase.

(7) Arrangements for the lockup period

The shares subscribed by investors in this subscription fund raising shall not be transferred in any way within 6 months from the date of the end of issuance.

After the completion of this subscription fund raising by private placement of shares, the above arrangements for the lockup period shall also be applicable to the corresponding increase in the shares acquired by the share subscribers through this subscription fund raising due to the Company's bonus issue and capitalization during the lockup period.

If the above arrangements for the lockup period are inconsistent with the latest regulatory opinions of the China Securities Regulatory Commission or Shanghai Stock Exchange, the Company and relevant subscribers will adjust and implement the above arrangements for the lockup period based on the regulatory opinions of the China Securities Regulatory Commission or Shanghai Stock Exchange.

2. Validity period of the resolution

The resolution on this subscription fund raising shall be valid within 12 months from the date of review and adoption at the general meeting. However, if the Company has obtained the approval document from the China Securities Regulatory Commission for this transaction within this period, the validity period of the resolution shall be automatically extended to the completion date of this issuance.

Proposal 2:

## Proposal on Meeting the Conditions for Purchasing Assets by Issuing Shares and Paying Cash and Raising Subscription Funds

### **To Shareholders and Shareholders' Representatives:**

The Company intends to purchase 100% equity of Yunchuan Company jointly held by CTG, Three Gorges Investment, YEIG, and SCEI by issuing shares and paying cash and to raise subscription funds by private placement of shares.

According to the laws, regulations and normative documents such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Administration Measures for Significant Asset Restructuring of Listed Companies*, the *Provisions on Regulating Several Issues Concerning Material Asset Reorganizations of Listed Companies*, the *Measures for the Administration of Securities Issuance by Listed Companies*, and the *Rules for the Implementation of Non-public Offering of Shares by Listed Companies* and based on the conditions for material asset reorganization, purchasing assets by issuing shares and paying cash, and raising subscription funds by private placement of shares to specific objects by listed companies, the Board of Directors believes that the Company meets all the conditions for material asset reorganization, purchasing assets by issuing shares and paying cash to specific objects, and raising subscription funds by private placement of shares to specific objects after careful self-examination and demonstration of the Company's actual situation and related matters.

Proposal 3:

## Proposal on Related Party Transaction by Purchasing Assets by Issuing Shares and Paying Cash and Raising Subscription Funds

### **To Shareholders and Shareholders' Representatives:**

The Company intends to purchase 100% equity of Yunchuan Company jointly held by CTG, Three Gorges Investment, YEIG, and SCEI by issuing shares and paying cash and to raise subscription funds by private placement of shares.

Among the counterparties to this transaction, CTG is the controlling shareholder of the Company, and Three Gorges Investment is a wholly-owned subsidiary of CTG, the controlling shareholder of the Company. Zong Renhuai, the director of the Company, is a senior executive of SCEI. According to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and other relevant regulations, CTG, Three Gorges Investment, and SCEI are related parties of the Company, so this transaction constitutes a related party transaction.

Proposal 4:

**Proposal on the *Report of China Yangtze Power Co., Ltd. on Purchasing Assets by Issuing Shares and Paying Cash and Raising Subscription Funds as well as on Related Party Transaction (Draft)* and its Summary**

**To Shareholders and Shareholders' Representatives:**

The Company intends to purchase 100% equity of Yunchuan Company jointly held by CTG, Three Gorges Investment, YEIG, and SCEI by issuing shares and paying cash and to raise subscription funds by private placement of shares.

For the purpose of completing this transaction, the Company has prepared the *Report of China Yangtze Power Co., Ltd. on Purchasing Assets by Issuing Shares and Paying Cash and Raising Subscription Funds as well as on Related Party Transaction (Draft)* and its Summary in accordance with the relevant provisions of laws, regulations and normative documents such as the *Securities Law of the People's Republic of China*, the *Administration Measures for Significant Asset Restructuring of Listed Companies*, the *Provisions on Regulating Several Issues Concerning Material Asset Reorganizations of Listed Companies*, and the *Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 26 - Material Asset Reorganization of Listed Companies*.

See *Summary of Report on Purchasing Assets by Issuing Shares and Paying Cash and Raising Subscription Funds as well as on Related Party Transaction (Draft)*.





Proposal 5:

## Proposal on Signing the Agreements Related to this Transaction

### **To Shareholders and Shareholders' Representatives:**

The Company intends to purchase 100% equity of Yunchuan Company jointly held by CTG, Three Gorges Investment, YEIG, and SCEI by issuing shares and paying cash and to raise subscription funds by private placement of shares. The Company signed the *Material Assets Purchase Agreement of China Three Gorges Corporation, Yangtze River Three Gorges Investment Management Co., Ltd., Yunnan Provincial Energy Investment Group Co., Ltd., Sichuan Energy Industry Investment Group Co., Ltd., and China Yangtze Power Co., Ltd.* with effective conditions with CTG, Three Gorges Investment, YEIG, and SCEI on 10 December 2021.

To implement the purchase of 100% equity of Yunchuan Company by issuing shares and paying cash, the Company plans to sign the *Supplementary Agreement to the Material Assets Purchase Agreement of China Three Gorges Corporation, Yangtze River Three Gorges Investment Management Co., Ltd., Yunnan Provincial Energy Investment Group Co., Ltd., Sichuan Energy Industry Investment Group Co., Ltd., and China Yangtze Power Co., Ltd.* with effective conditions with CTG, Three Gorges Investment, YEIG, and SCEI after the audit and evaluation related to this transaction are completed. The above agreements clearly stipulate the main contents such as the scheme of purchasing assets by issuing shares and paying cash, transaction amount and

consideration payment, closing and consideration payment, profits or losses during the transition period, payment of taxes, liability for breach, effectiveness, change, and termination.

*Annex: Supplementary Agreement to the Material Assets Purchase Agreement of China Three Gorges Corporation, Yangtze River Three Gorges Investment Management Co., Ltd., Yunnan Provincial Energy Investment Group Co., Ltd., Sichuan Energy Industry Investment Group Co., Ltd., and China Yangtze Power Co., Ltd.*

Attachment:

Supplementary Agreement to the Material Assets Purchase Agreement

among

China Three Gorges Corporation

Yangtze River Three Gorges Investment Management Co., Ltd.

Yunnan Provincial Energy Investment Group Co., Ltd.

Sichuan Energy Industry Investment Group Co., Ltd.

and

China Yangtze Power Co., Ltd.

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June 2022

## Supplementary Agreement to the Material Assets Purchase Agreement

The Agreement is entered into by the following parties in Haidian District, Beijing on 30th June, 2022:

Party A1: China Three Gorges Corporation

Domicile: 1 Liuhe Road, Jiang'an District, Wuhan, Hubei

Legal representative: Lei Mingshan

Party A2: Yangtze River Three Gorges Investment Management Co., Ltd.

Domicile: Room 231, 2/F, Unit 2, 231 Shibocun Road, China (Shanghai) Pilot Free Trade Zone

Legal Representative: He Hongxin

Party B: Yunnan Provincial Energy Investment Group Co., Ltd.

Address: YEIG Centralized Control Complex, No.616, Rixin Road Middle, Xishan District, Kunming City, Yunnan Province

Legal Representative: Sun Degang

Party C: Sichuan Energy Industry Investment Group Co., Ltd.

Domicile: Building 10, Zone A, 1 Chengfei Avenue, Qingyang Concentrated Industrial Development Area, Chengdu

Legal representative: Sun Yun

Party D: China Yangtze Power Co., Ltd.

Address: Tower B, No.1 Yuyuantan South Road, Haidian District, Beijing

Legal representative: Lei Mingshan

(Party D is the asset transferee under the Agreement, and Party A1, Party A2, Party B and Party C are the asset transferors under the Agreement. In the Agreement, the above parties are individually referred to as a "Party" and collectively referred to as the "Parties")

The Parties have signed the *Material Assets Purchase Agreement of China Three Gorges Corporation, Yangtze River Three Gorges Investment Management Co., Ltd., Yunnan Provincial Energy Investment Group Co., Ltd., Sichuan Energy Industry Investment Group Co., Ltd., and China Yangtze Power Co., Ltd.* (hereinafter referred to as the "*Material Assets Purchase Agreement*") on 10 December 2021, and the Parties have reached the following supplementary agreement to further clarify the arrangement of rights and obligations for this asset purchase:

### **Article 1 Definitions**

1.1 The Parties agree that Party D will no longer pay the transaction consideration and raise subscription funds by issuing convertible corporate bonds, and hereby make the following adjustments to the definitions of relevant terms in the *Material Assets Purchase Agreement*:

<b>Term</b>	<b>Definition before adjustment</b>	<b>Definition after adjustment</b>
The transaction	means Party D's purchase of 100% equity of Yunchuan Company jointly held by Party A, Party B and Party C by issuing shares and convertible corporate bonds (if any) and paying cash, and raising of subscription funds by private placement of shares and/or convertible corporate bonds.	means Party D's purchase of 100% equity of Yunchuan Company jointly held by Party A1, Party A2, Party B and Party C by issuing shares and paying cash, and raising of subscription funds by private placement of shares.
This issuance	means Party D's private placement	means Party D's private placement

	of RMB common shares and/or convertible corporate bonds to Party A, Party B and Party C as the payment consideration, and delivery of the privately issued shares and/or convertible corporate bonds to the securities accounts opened by Party A, Party B and Party C in the securities registration organization to complete the securities registration.	of shares to Party A1, Party B and Party C as the consideration, and delivery of the privately issued shares to the securities accounts opened by Party A1, Party B and Party C in the securities registration organization to complete the securities registration.
Issue price	means the price of shares issued by Party D to Party A, Party B and Party C in this transaction.	means the price of shares privately issued Party D to Party A1, Party B and Party C in this transaction.

1.2 The Parties agree that the terms and clauses related to convertible corporate bonds in the *Material Assets Purchase Agreement* shall no longer be applicable or enforceable.

## **Article 2 Target assets**

As of the signing date of the Agreement, the shareholding structure of Yunchuan Company is as follows:



S/N	Name of Shareholder	Subscribed Capital Contribution (10,000 yuan)	Paid-in Capital Contribution (10,000 yuan)	Shareholding (%)
1	Party A1	2,240,000	2,240,000	40%
2	Party A2	1,680,000	1,680,000	30%
3	Party B	840,000	840,000	15%

### Article 3 Transaction Amount and Payment of Consideration

3.1 Based on the appraisal results contained in the asset appraisal report, the transaction consideration of the underlying assets is 80,483,827,900 yuan after negotiation among the Parties.

3.2 Party D pays the consideration to the asset transferors by issuing shares and paying cash, and Party D pays 80% of the transaction consideration in cash and the remaining 20% of the transaction consideration by issuing shares. The amount and payment method of consideration to be obtained by the asset transferors are as follows:

S/N	Asset transferor	Amount of transaction consideration to be obtained (10,000 yuan)	Share consideration		Cash consideration
			Amount (10,000 yuan)	Number of shares (shares)	Amount (10,000 yuan)
1	Party A1	3,219,353.12	804,838.28	460,961,213	2,414,514.84
2	Party A2	2,414,514.84	—	—	2,414,514.84

3	Party B	1,207,257.42	402,419.14	230,480,606	804,838.28
4	Party C	1,207,257.42	402,419.14	230,480,606	804,838.28
<b>Total</b>		<b>8,048,382.79</b>	<b>1,609,676.56</b>	<b>921,922,425</b>	<b>6,438,706.23</b>

The final number of shares issued by Party D shall be subject to the number approved by the China Securities Regulatory Commission.

3.3 The cash consideration payable to Party A1, Party A2, Party B and Party C shall be paid in full by Party D within 3 business days after the closing date.

3.4 If the regulatory authorities such as China Securities Regulatory Commission and Shanghai Stock Exchange have other requirements for the scheme of this asset purchase (including performance commitment compensation), the Parties agree that the scheme of this asset purchase will be adjusted according to regulatory requirements.

#### **Article 4 Profits or losses during the transition period**

4.1 The Parties acknowledge that the undistributed profits realized by Yunchuan Company as of the appraisal base date (31 January 2022) have been included in the appraisal scope of the underlying assets, and Yunchuan Company will no longer distribute such undistributed profits to the asset transferors.

4.2 The parties agree that the period from the appraisal base date (exclusive) to the delivery date (inclusive) contained in the asset appraisal report is the transition period. During the transition period, the profits or losses of Yunchuan Company shall be shared or borne by the asset transferors based on their equity proportions in Yunchuan Company. The Parties agree that the profits or losses of Yunchuan Company

during the transition period shall be distributed to the asset transferors within 45 business days after the closing date.

4.3 The Parties agree that an audit institution that complies with the provisions of the *Securities Law of the People's Republic of China* and meets the conditions for engaging in securities and futures business shall audit the profits or losses of Yunchuan Company during the transition period within 30 business days after the closing date and issue a special auditor's report for confirmation. If the closing date is before the 15th day of the current month (inclusive), the base date of the special audit shall be the last day of the previous month. If the closing date is after the 15th day of the current month, the base date of the special audit shall be the last day of the current month.

4.4 During the transition period, the asset transferors shall ensure that Yunchuan Company operates, manages, uses, and maintains its own assets and related businesses in the usual way, and ensure that there will be no material adverse changes. During the transition period, Yunchuan Company shall not get dividends and shall obtain Party D's prior written consent for its purchase or sales of material assets, borrowing, guarantee, and investment (except for purchase or sales in the normal operation process). For the avoidance of doubt, "material" means that the transaction amount is not less than 1,000,000,000 yuan.

4.5 During the transition period, if one party intends to take actions that may affect the progress of this asset purchase, it shall notify other parties in writing in advance and obtain the written consent of other parties. If one party has an event that may affect the progress of this asset purchase, but it is really unable to notify other parties in advance, it shall notify other parties within 2 business days after the occurrence of the event.

## **Article 5 Arrangements for accumulated undistributed profits**

5.1 The undistributed profits accumulated by Party D before this issuance shall be shared by the new and old shareholders of Party D based on their shareholding proportions after this issuance, but the profits distributable to the shareholders realized by Party D during the transition period will not be shared for the new shares acquired by Party A1, Party B and Party C through this asset purchase.

5.2 Party D will hire an audit institution that complies with the provisions of the *Securities Law of the People's Republic of China* and meets the conditions for engaging in securities and futures business to audit the profits or losses of Party D for the periods from 1 January 2022 to 31 January 2022, 1 February 2022 to 31 December 2022, 1 January 2023 to the closing date, and the next day after the closing date to 31 December 2023, and to formulate the profit distribution plans for 2022 and 2023 based on the audit results. After the completion of this asset purchase, Party A1, Party B and Party C shall have the right to, according to the profit distribution plan adopted at the general meeting of Party D (i.e., the distribution plan for profits realized by Party D from 1 January 2022 to 31 January 2022 and from the next day after the closing date to 31 December 2023), obtain the profits distributed for the new shares acquired through this asset purchase based on their number and proportions at the corresponding equity registration date at the time of Party D's profit distribution, but the profits distributable to the shareholders realized by Party D from 1 February 2022 to 31 December 2022 and from 1 January 2023 to the closing date (i.e., during the transition period) will not be shared for such new shares.

## **Article 6 Handling of Creditor's Rights and Debts and Placement of Employees**

6.1 This asset purchase does not involve the subject change of the creditor's rights and debts of Yunchuan Company. The creditor's rights and debts originally enjoyed and borne by Yunchuan Company will still be enjoyed and borne by Yunchuan Company after the closing date.

6.2 This asset purchase does not involve the placement of employees, and the employees originally employed by Yunchuan Company will still be employed by Yunchuan Company after the closing date.

## **Article 7 Others**

7.1 Party A1 and its subordinate departments or subsidiaries shall continue to be responsible for coordinating the resettlement of Wudongde and Baihetan Hydropower Stations. Party B and Party C shall continue to give full play to their advantages in resettlement of reservoirs according to the *Framework Agreement on the Joint Establishment of Hydropower Development Company in the Lower Reaches of Jinsha River*, and assist Yunchuan Company in properly handling the resettlement until the final resettlement acceptance procedures for the whole project are completed.

7.2 To give full play to the comprehensive benefits of hydropower stations, Party D and Yunchuan Company shall obey the dispatching command and supervision of relevant departments such as the national basin dispatching department and others on power generation, flood control, shipping and irrigation, and carry out the cascade dispatching, shipping dispatching, reservoir water quality control and geological disaster prevention of hydropower stations according to the provisions on the relevant management system of Party A1. If the provisions on the system are not available, the

relevant matters shall be properly handled based on the overall arrangement of Party A1 and in combination with the arrangement for adjustment of the basin hydroproject management structure of Party A1. The specific adjustment arrangement shall be clarified by the relevant parties by signing a special agreement.

7.3 According to the laws and regulations and the requirements of relevant departments, the relevant taxes and special funds that need to be paid by Yunchuan Company and the relevant commitments made by Party A1 to local government departments during the construction of Wudongde and Baihetan Hydropower Stations shall not be changed due to this transaction and shall continue to be paid or performed by Yunchuan Company after the completion of this transaction.

7.4 Unless otherwise specified, the terms used in the Agreement shall have the meanings given to them in the *Material Assets Purchase Agreement*.

7.5 The Agreement shall be established after the legal representatives (or their authorized representatives) of the Parties sign and affix the official seals, and shall come into effect immediately upon the entry into force of the *Material Assets Purchase Agreement* and be terminated immediately upon its termination.

7.6 The Agreement is an integral part of the *Material Assets Purchase Agreement* and has the same legal effect as the *Material Assets Purchase Agreement*. In case of any discrepancy between the Agreement and the *Material Assets Purchase Agreement*, the Agreement shall prevail. The relevant provisions of the *Material Assets Purchase Agreement* shall apply to the matters related to this asset purchase not agreed in the Agreement.

7.7 The Agreement and the *Material Assets Purchase Agreement* constitute a complete agreement on matters related to this asset purchase. In case of any conflict

between the relevant suggestions, representations, warranties, agreements or commitments previously reached by the Parties on this asset purchase and the above documents, the provisions in the above documents shall prevail.

7.8 The Agreement is made in 24 copies, Party A1, Party A2, Party B, Party C, and Party D each hold 4 copies and the rest copies shall be submitted to the competent authorities for approval or filing. Each copy has the same legal effect.

Proposal 6:

**Proposal on the Compliance of Purchasing Assets by  
Issuing Shares and Paying Cash and Raising  
Subscription Funds with Article 4 of the *Provisions on  
Regulating Several Issues Concerning Material Asset  
Reorganizations of Listed Companies***

**To Shareholders and Shareholders' Representatives:**

The Company intends to purchase 100% equity of Yunchuan Company jointly held by CTG, Three Gorges Investment, YEIG, and SCEI by issuing shares and paying cash and to raise subscription funds by private placement of shares.

After careful analysis of whether this transaction complies with Article 4 of the Provisions on Regulating Several Issues Concerning Material Asset Reorganizations of Listed Companies, it is concluded that:

I. The underlying assets of this transaction are 100% equity of Yunchuan Company, which does not involve approval matters such as project establishment, environmental protection, industry access, land use, planning, and construction.

The transaction is subject to the following procedures: (1)The transaction was approved by the State-owned Assets Supervision and Administration Commission. (2) The transaction was reviewed and adopted at the general meeting of the Company. (3) The transaction was approved by the China Securities Regulatory Commission. It has been disclosed in the Report of China Yangtze Power Co., Ltd. on Purchasing Assets by Issuing Shares and Paying Cash and Raising Subscription Funds as well as on



Related Party Transaction (Draft), and special tips are given for the risks that may not be approved.

II. CTG, Three Gorges Investment, YEIG, and SCEI have the complete right to legally own the equity of Yunchuan Company. There is no restriction or prohibition on the transfer of underlying assets, and there is no false capital contribution or influence on the legal existence for Yunchuan Company. After the completion of this transaction, Yunchuan Company will become a wholly-owned subsidiary of the Company.

III. The underlying assets of this transaction are complete. This transaction is conducive to improving the integrity of the Company's assets and maintaining the independence of the Company in terms of personnel, procurement, production, sales, and intellectual property rights.

IV. The Transaction conforms to the Company's development strategy. It is in favor of the Company's improvement of financial position, enhancement of sustainable profitability, highlighting of the leading business, enhancement of risk resistance, and enhancement of independence. There will be no new related party transactions or horizontal competition that would impair the interests of the Company and small- and medium-sized investors.

The Board of Directors is hereby requested to review and confirm that the Company's purchasing assets by issuing shares and paying cash and raising subscription funds comply with the relevant provisions of Article 4 of the *Provisions on Regulating Several Issues Concerning Material Asset Reorganizations of Listed Companies*.

Proposal 7:

**Proposal on the Compliance of Purchasing Assets by  
Issuing Shares and Paying Cash and Raising  
Subscription Funds with Article 11 of the  
*Administration Measures for Significant Asset  
Restructuring of Listed Companies***

**To Shareholders and Shareholders' Representatives:**

The Company intends to purchase 100% equity of Yunchuan Company jointly held by CTG, Three Gorges Investment, YEIG, and SCEI by issuing shares and paying cash and to raise subscription funds by private placement of shares.

In accordance with the requirements of the *Administration Measures for Significant Asset Restructuring of Listed Companies*, the Board of Directors of the Company prudently analyzed whether the Transaction complies with the provisions of Article 11 of the *Administration Measures for Significant Asset Restructuring of Listed Companies*, as follows:

I. The Transaction complies with the provisions of the state industry policies, and the environmental protection, land management, anti-monopoly laws, and administrative regulations.

II. The completion of the Transaction will not result in the Company's failure to meet the stock listing conditions.

III. The price of assets involved in the Transaction is fair, and there is no damage to the legitimate rights and interests of the Company and its shareholders.

IV. The ownership of the assets involved in the Transaction is clear, there is no legal obstacle to the transfer of title to the assets or the transfer of assets, and the relevant claims and debts have been properly handled.

V. The Transaction is good for improving the continuous operating ability of the Company, and will not result in such circumstances as that the major assets of the Company are cash or that the Company has no specific business after restructuring.

VI. The Transaction is good for the Company to maintain independence from its controlling shareholder, actual controller, and the related parties thereof in terms of businesses, assets, finance, personnel, and organization, and it complies with the relevant provisions of China Securities Regulatory Commission on the independence of listed companies.

VII. The Transaction is good for the Company to maintain a healthy and efficient corporate governance structure.

Proposal 8:

**Proposal on the Compliance of Purchasing Assets by  
Issuing Shares and Paying Cash and Raising  
Subscription Funds with Article 43 of the  
*Administration Measures for Significant Asset  
Restructuring of Listed Companies***

**To Shareholders and Shareholders' Representatives:**

The Company intends to purchase 100% equity of Yunchuan Company jointly held by CTG, Three Gorges Investment, YEIG, and SCEI by issuing shares and paying cash and to raise subscription funds by private placement of shares.

In accordance with the requirements of the *Administration Measures for Significant Asset Restructuring of Listed Companies*, the Board of Directors of the Company prudently analyzed whether the Transaction complies with the provisions of Article 43 of the *Administration Measures for Significant Asset Restructuring of Listed Companies*, as follows:

I. The Transaction is good for improving the asset quality, improving the financial position, and enhancing the sustainable profitability of the Company. It is conducive to regulating related party transactions, avoiding horizontal competition, and enhancing independence;

II. Certified public accountants issued the Auditor's Report with clean opinions on the Company's financial accounting reports for the last year.

III. The Company and its incumbent directors and Senior Executives are not

subject to a criminal investigation by the judicial authority for its suspected involvement in any crime or official investigation by the China Securities Regulatory Commission for its suspected violation of any law or regulation.

IV. The underlying assets of the Transaction are 100% of the equity interests of Yunchuan Company, the ownership of the aforesaid equity interests is clear, without a pledge, judicial freezing, or judicial sealing up, and there is no legal obstacle to its transfer to the Company.

Proposal 9:

**Proposal on the Purchasing Assets by Issuing Shares  
and Paying Cash and Raising Subscription Funds  
Being not Constitute the Restructuring and Listing  
stipulated in Article 13 of the *Administration  
Measures for Significant Asset Restructuring of Listed  
Companies***

**To Shareholders and Shareholders' Representatives:**

The Company intends to purchase 100% equity of Yunchuan Company jointly held by CTG, Three Gorges Investment, YEIG, and SCEI by issuing shares and paying cash and to raise subscription funds by private placement of shares.

In accordance with the requirements of the *Administration Measures for Significant Asset Restructuring of Listed Companies*, the Board of Directors of the Company prudently analyzed whether the Transaction constitutes the restructuring and listing stipulated in Article 13 of the Measures, as follows:

The actual controller of the Company was not changed within 36 months prior to the Transaction. The controlling shareholder of the Company in the last 36 months before and after the Transaction is CTG, and the actual controller is the State-owned Assets Supervision and Administration Commission of the State Council. The Transaction will not result in a change in the actual controller of the Company.

According to the relevant provisions of the *Administration Measures for Significant Asset Restructuring of Listed Companies*, the Transaction does not constitute the restructuring or listing as prescribed in Article 13 of the *Administration Measures for Significant Asset Restructuring of Listed Companies*.

Proposal 10:

## Proposal on Approving the Auditor's Report, Asset Appraisal Report, and Pro Forma Review Report Related to this Transaction

### **To Shareholders and Shareholders' Representatives:**

The Company intends to purchase 100% equity of Yunchuan Company jointly held by CTG, Three Gorges Investment, YEIG, and SCEI by issuing shares and paying cash and to raise subscription funds by private placement of shares.

To implement this transaction, the Company hired Da Hua Certified Public Accountants (Special General Partnership) that complies with the provisions of the *Securities Law of the People's Republic of China* and meets the conditions for engaging in securities and futures business in accordance with the provisions of the *Administration Measures for Significant Asset Restructuring of Listed Companies* and relevant normative documents to audit the underlying assets and issue the corresponding auditor's report. CEA and Beijing Huayuan Longtai Real Estate Land Assets Appraisal Co., Ltd. (hereinafter referred to as "Huayuan Longtai") are appraisal institutions that comply with the provisions of the *Securities Law of the People's Republic of China* and meet the conditions for engaging in securities and futures business, and have respectively appraised the underlying assets and part of the land use rights of Yunchuan Company and issued the appraisal reports. Meanwhile, the Company prepared the Pro Forma Financial Statement after the implementation of the transaction simulation, and Da Hua Certified Public Accountants (Special General Partnership) reviewed the Pro Forma Financial Statement and issued the Pro Forma Review Reports thereof.

## Proposal on the Impact of this Transaction on the Spot Return of the Company and the Measures for Mitigating the Dilution Effect

Directors,

The Company intends to purchase 100% equity of Yunchuan Company jointly held by CTG, Three Gorges Investment, YEIG, and SCEI by issuing shares and paying cash and to raise subscription funds by private placement of shares.

The Company thoroughly analyzed the impact of the Transaction on diluted current returns. The changes in the main financial index of the Company reflecting profitability before and after the completion of the Transaction are shown in the table below:

Works	January 2022			2021		
	Pre-transaction	Post Transaction (Pro Forma)	Change Range	Pre-transaction	Post Transaction (Pro Forma)	Change Range
Basic earnings per share (yuan/share)	0.0535	0.0519	-2.99%	1.1553	1.2981	12.36%

After the completion of the Transaction, the profitability of the Company will be



further improved as a whole, and so will its total capital stock scale. In 2021, the Company's basic earnings per share increased from 1.1553 yuan/share before the Transaction to 1.2981 yuan/share, up by 12.36%, and there was no case that the spot earnings per share were diluted due to the Transaction. The basic earnings per share decreased slightly in the latest period, which was mainly affected by the seasonal factors of the incoming water in the dry season.

If the performance fluctuates or the profitability of the target company is lower than expected due to the operating status of the target company, policies of the state, and other factors, there will be a risk of a corresponding decline in the Company's future earnings per share. The Company formulated the following measures to mitigate the dilution effect on the spot return according to its own operating characteristics:

I. Consolidate and expand the existing business of the Company and improve the sustainable profitability of the Company.

After the completion of the Transaction, the Company will have six cascade stations in the main stream of the Yangtze River and increase its total installed capacity to 71.795 GW, up 57.46%. The joint dispatching capacity of the Company in the Yangtze River Basin will be further enhanced, which will strengthen, expand and highlight its main hydropower business, and consolidate its position as a giant hydropower company in the world.

II. Strengthen the integration of operating management and internal control and improve operating efficiency.

The Company will continuously strengthen internal control, further boost grass-roots construction, basic management, and basic skills improvement, enhance value creation and risk management and control ability, improve and perfect the enterprise

operating system for stable operation and steady development, comprehensively and effectively control the operating and management risks of the Company, and improve its operating efficiency and profitability.

In addition, the Company will continuously strengthen cost management and control, improve and strengthen investment decision-making procedures, rationally use various financing tools and channels, control the cost of funds, improve the efficiency of fund use, reduce operating costs, and comprehensively and effectively control the management and control risks of the Company's funds and operating on the premise of guaranteeing the satisfaction of the Company's business development with the demand for working capital.

III. Implement positive profit distribution policies and pay attention to returns to investors and rights and interests protection.

The Company provided the decision-making mechanism and procedures for profit distribution policies in the Articles of Association in order to improve the Company's profit distribution policies, promote the establishment of more science-based and reasonable profit distribution and decision-making mechanism, and more effectively protect the interests of shareholders and investors of the Company, in accordance with the Notice on Further Implementing Matters Related to Cash Dividends of Listed Companies (ZJF [2012] No. 37) issued by the China Securities Regulatory Commission and the Supervision Guidelines for Listed Companies No. 3 - Cash Dividends of Listed Companies (2022 Revision) (ZJHGG [2022] No. 3) and in combination with the actual circumstances of the Company.

The Company will continue to strictly implement the aforesaid profit distribution policies, maintain their continuity and stability, attach importance to reasonable returns

to investors, and take into account the overall interests of all shareholders and the sustainable development of the Company.

During the review of this Proposal, the related directors Lei Mingshan, Ma Zhenbo, Zhang Xingliao, Guan Jieli, Hu Weiming, Zong Renhuai and Su Jinsong need to avoid the voting on this Proposal. After being reviewed and approved by the Board of Directors, this Proposal shall be submitted to the General Meeting of the Company for review.

This Proposal is hereby submitted to the general meeting for review.

## Proposal on the Plan for Shareholder Dividend and Return of the Company in the Next Three Years (2022-2024)

### **To Shareholders and Shareholders' Representatives:**

In order to improve and perfect the Company's science-based, sustainable, and stable dividend decision-making and supervision mechanism, guarantee the legitimate rights and interests of investors, give investors stable returns, and improve the transparency and sustainability of profit distribution policies, the Company plans to formulate a plan for dividend and return of the Company in the next three years (2022-2024) on the basis of fully considering the actual operating conditions, financial position, profitability, external environment, future development needs and other factors of the Company in accordance with the Company Law of the People's Republic of China, the Notice on Further Implementing Matters Related to Cash Dividends of Listed Companies (ZJF [2012] No. 37), the Supervision Guidelines for Listed Companies No. 3 - Cash Dividends of Listed Companies (ZJHGG [2022] No. 3) and other relevant provisions as well as the Articles of Association.

*Annex: Plan for Shareholder Dividend and Return of China Yangtze Power Co., Ltd. in the Next Three Years (2022-2024)*

Attachment:

## China Yangtze Power Co., Ltd. Plan for Shareholder Dividend and Return in the Next Three Years (2022-2024)

To further standardize and improve the profit distribution policy of China Yangtze Power Co., Ltd. (hereinafter referred to as "the Company"), establish a scientific, sustainable and stable shareholder return mechanism, and safeguard the legitimate rights and interests of minority shareholders, the Board of Directors of the Company formulated the *Plan for Shareholder Dividend and Return of China Yangtze Power Co., Ltd. in the Next Three Years (2022-2024)* in accordance with the provisions of relevant documents such as the *Notice on Further Implementing Matters Related to Cash Dividends of Listed Companies* (ZJF [2012] No. 37) of China Securities Regulatory Commission, the *Guidelines on Supervision of Listed Companies No.3 - Cash Dividends of Listed Companies* (CSRC Announcement [2022] No. 3) and the *Articles of Association of China Yangtze Power Co., Ltd.* (hereinafter referred to as "Articles of Association") and in combination with the actual situation of the Company. The specific contents are as follows:

### **I. Factors considered by the Company in formulating the Plan**

The Company focuses on the long-term and sustainable development, comprehensively considers the actual situation, development strategic planning and industry development trend of the Company, and establishes a scientific, sustainable and stable return plan and mechanism for investors, to make institutional arrangements for profit distribution, thus ensuring the sustainability and stability of profit distribution policies.

## **II. Principles for formulating the Plan**

The Plan shall be formulated according to the relevant provisions on profit distribution in the *Articles of Association*. The Plan focuses on the reasonable return on investment to shareholders and takes into account the actual operation and sustainable development of the Company in that year. In the Plan, the relationship between the short-term interests and long-term development of the Company is handled on the basis of fully considering the interests of shareholders, a reasonable profit distribution plan is determined, and a plan for implementing the profit distribution policies for a certain period is formulated accordingly, to maintain the sustainability and stability of the Company's profit distribution policies.

## **III. Specific shareholder return plan of the Company for the next three years (2022-2024)**

### **1. Form of profit distribution**

The Company distributes dividends by paying cash or issuing shares and gives priority to cash dividends.

### **2. Proportion of cash dividends**

In accordance with the Articles of Association, in principle, the Company's cash dividends every year shall not be less than fifty percentage of the profits, available for distribution to the shareholders and achieved by the parent company in the year. The Company would conduct cash dividend for the annual profit distribution in 2016-2020 as per not lower than 0.65 yuan per share. For the annual profit distribution in 2021-2025, the cash dividend would be offered as per not lower than 70% of the net profits realized in those years.

The profits distributable to the shareholders realized in the current year means the

net profits realized by the parent company in the current year to make up for the losses and the remaining after-tax profits after withdrawing the surpluses.

### **3. Conditions for cash dividends**

The condition for the Company to implement cash dividends is to realize profits in the current year.

### **4. Interval of cash dividends**

In principle, cash dividends shall be distributed once every year, and if condition permits, the Company may implement interim profit distribution.

### **5. Conditions of distribution of share dividends**

If the Company is in good operation and the Board of Directors believes that the distribution of share dividends is beneficial to the long-term development of the Company and the overall interests of all shareholders, the Company may propose a share dividend distribution plan in addition to meeting the above cash dividends.

### **6. Differentiated cash dividend distribution policy**

In addition to adjusting the cash dividend distribution policy according to relevant laws, regulations, normative documents, and the *Articles of Association*, the Company will, in accordance with the provisions on the distribution of cash dividends in each year at a proportion not less than 50% of the profits distributable to the shareholders realized by the parent company in the current year in the *Articles of Association*, distribute cash dividends for the distribution of annual profits at a proportion not less than 70% of the net profits realized in the current year within the next three years (2022-2024).

## **IV. Decision-making procedures for profit distribution**

The profit distribution scheme of the Company is submitted to the Board of

Directors and Board of Supervisors of the Company for deliberation after draft by the management. Independent directors shall express unequivocal opinions on the profit distribution plan. Independent directors may solicit the opinions from small shareholders, put forward dividend proposals and directly submit them to the Board of Directors for deliberation. The Board of Directors shall conduct discussions with respect to the reasonableness of profit distribution plan and then submit the resolution for consideration at the general meeting of shareholders. Before the profit distribution plan is reviewed at the general meeting, the Company will communicate and exchange with shareholders, especially minority shareholders, through various channels such as telephone, fax, e-mail or investor relations interactive platform, to fully listen to the opinions and demands of minority shareholders and timely reply to the concerns of minority shareholders.

The Company's profit distribution plan shall be deliberated and approved by the shareholders' meeting. After the shareholders' meeting of the Company makes a resolution on the profit distribution plan, the board of directors shall complete the dividend distribution within 60 days after the shareholders' meeting.

#### **V. Adjustment period and decision-making mechanism of shareholder return plan**

The Company may adjust the profit distribution policies in case of force majeure such as war and natural disasters, or changes of external business environment resulting in significant impact on the Company's production and operation, or great changes of the Company's operating conditions.

When the Company adjusts the profit distribution policies, the Board of Directors shall conduct topic discussion to demonstrate the adjustment reasons in detail, prepare



a written demonstration report and submit the report deliberated by the independent directors to the general meeting of shareholders for adoption in the form of special resolution. When reviewing the change of profit distribution policy, the Company will provide shareholders with online voting methods.

#### **VI. Disclosure of information on the Company's profit distribution**

The Company shall disclose in detail the formulation and implementation of the cash dividend policy in its periodic reports, indicating whether the cash dividend policy meets the requirements of the *Articles of Association* or the resolutions of the general meeting, whether the dividend standard and proportion are clear, whether the relevant decision-making procedures and mechanisms are complete, whether independent directors perform their duties with due diligence and play their due roles, whether minority shareholders have the opportunity to fully express their opinions and demands, and whether the legitimate rights and interests of minority shareholders are fully safeguarded. In case of adjustment or changes in the cash dividend policy, the conditions and procedures for the adjustment or changes shall also be detailed with respect to the compliance and transparency.

#### **VII. Supplementary Provisions**

Any matter that is not specified in the Plan is subject to the applicable laws, regulations, rules, normative documents and Articles of Association. The Plan shall be interpreted by the Board of Directors of the Company and shall take effect from the date of review and adoption at the General Meeting of the Company.

Board of Directors of China Yangtze Power Co., Ltd.

June 2022

**Proposal on Requesting the General Meeting to  
Authorize the Board of Directors and its Authorized  
Persons to Be Solely Responsible for Matters  
regarding Purchasing Assets by Issuing Shares and  
Paying Cash and Raising Subscription Funds of the  
Company**

**To Shareholders and Shareholders' Representatives:**

The Company intends to purchase 100% equity of Yunchuan Company jointly held by CTG, Three Gorges Investment, YEIG, and SCEI by issuing shares and paying cash and to raise subscription funds by private placement of shares.

In order to ensure the smooth progress of relevant matters regarding the Transaction, the Board of Directors of the Company intends to request the general meeting of the Company to authorize the Board of Directors and its authorized persons (Vice Chairman of the Company) of the Company be solely responsible for matters regarding the Transaction, including but not limited to the following:

I. Formulate and adjust specific schemes for the Transaction in accordance with the provisions of laws, regulations, relevant normative documents, and the resolutions of the general meeting of the Company;

II. Be solely responsible for and decide on the specific implementation schemes for the Transaction, including but not limited to handling the issuance and registration of relevant shares and listing on the Shanghai Stock Exchange, handling the delivery

of underlying assets involved in the Transaction, handling the modification of the Articles of Association, industrial and commercial modification registration and approval and filing with other relevant government departments involved in the Transaction in accordance with the approval of the China Securities Regulatory Commission and the scheme reviewed and approved at the general meeting.

III. Employ intermediary agencies in terms of the matters regarding the Transaction and sign, approve, modify, supplement and submit, present, implement or announce all the agreements and documents related to the Transaction to the extent permitted by laws, regulations, relevant normative documents, and the Articles of Association and ratify any of the aforesaid matters or acts that were taken or implemented before the proposal is reviewed and approved.

IV. Adjust the Transaction Scheme according to the new provisions, if the same is provided by the relevant regulatory authority on the matters regarding the Transaction.

V. Handle other matters regarding the Transaction to the extent permitted by laws, regulations, relevant normative documents, and the Articles of Association.

VI. The authorization will be valid within 12 months from the date of review and approval at the general meeting of the Company, but if the Company obtains the approval document from the China Securities Regulatory Commission on the Transaction within such time limit, the validity period of the authorization will be automatically extended to the date of completion of the Transaction.