

中國廣核電力股份有限公司
CGN Power Co., Ltd.*

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

2015 Annual Report



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This 2015 Annual Report ("Annual Report") is the second annual report of the Company since its listing. We continue to adopt the International Integrated Reporting Framework published by the International Integrated Reporting Council ("IIRC", website: www.theiirc.org) in December 2013 as the major guideline for this Annual Report. We hope to adopt the integrated reporting model to compile the Annual Report so as to fully explain to the related stakeholders about how the Company will create value for shareholders in the short, medium and long-term based on the strategic planning, corporate governance and business performance.

In preparing this report, we have also referred to other relevant frameworks and guidelines such as the "Environmental, Social and Governance Reporting Guide" ("ESG Reporting Guide") of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") and "The Standards for Contents and Formats of Information Disclosure by Companies Publicly Offering Securities No. 2 - Contents and Formats of Annual Reports (Revision 2014)" of China Securities Regulatory Commission.

In further promoting operation transparency, demonstrating our efforts and achievements in the environmental, social and governance areas, we decided to release the "Environmental, Social and Governance Report ("ESG Report") in 2015. The ESG Report widely collected and identified opinions and concerns of interested parties, presented our performance in the areas of safety, environment, society and governance in a more comprehensive and detailed way, so as to accept closer supervision from interested parties. Subsequently, the Company will publish a ESG report every year, and the publishing schedule will be within three months after publishing the annual report.

For continuous improvement of the quality of annual report, we welcome valuable advice on the contents and formats of this Annual Report. Please give us feedback in the way of contacts set out at the end of this Annual Report.

Unless otherwise defined in this Annual Report, the terms used in this Annual Report shall have the same meanings as those defined in the 2014 Annual Report of the Company dated April 9, 2015. This Annual Report has been prepared in Chinese and English respectively. In case of discrepancy, the Chinese version shall prevail, except for the independent auditor's report and the consolidated financial statements prepared in accordance with International Financial Reporting Standards, of which the English version shall prevail.

Business at a glance for the year

CGN Power Co., Ltd. (“CGN Power”, the “Company”, “the Company” or “We”) was established on March 25, 2014 and listed on the Main Board of the Hong Kong Stock Exchange on December 10, 2014 (the “Listing Date”).

CGN Power is the only platform for nuclear power development of China General Nuclear Power Corporation (中國廣核集團有限公司) (“CGNPC”). We operate and manage nuclear power stations, sell electricity generated by these stations, and manage and oversee the construction of nuclear power stations, and organize and develop the design and R&D of nuclear power stations.

We are committed to nuclear power-based electricity supply and services based on our principle of “Safety First, Quality Foremost, Pursuit of Excellence” and our core value of “Doing Things Right in One Go” to create the best benefit for our customers, shareholders, employees and our society, and strive to become a world-class nuclear power supplier and service provider.

2015 Major Events



Acquisitions

- On March 16, the acquisition of 60% equity interests of Taishan Nuclear Power Industry Investment Co., Ltd. (“Taishan Investment”) and 12.5% equity interests of Taishan Nuclear Power Joint Venture Co., Ltd. (“Taishan Nuclear”) was approved by the Department of Commerce of Guangdong Province. The equity transfer agreement (“Equity Transfer Agreement”) entered into between CGNPC and us became effective on the same day.
- On December 30, Taishan Unit 1 started the cold functional test* and became the world’s first European pressurized water reactor (“EPR”) unit using the third-generation technology to commence the cold functional test.



New commencement of nuclear power station units

- On June 5, Yangjiang Unit 2 commenced commercial operation.
- On June 10, Ningde Unit 3 commenced commercial operation.
- On August 16, Hongyanhe Unit 3 commenced commercial operation.

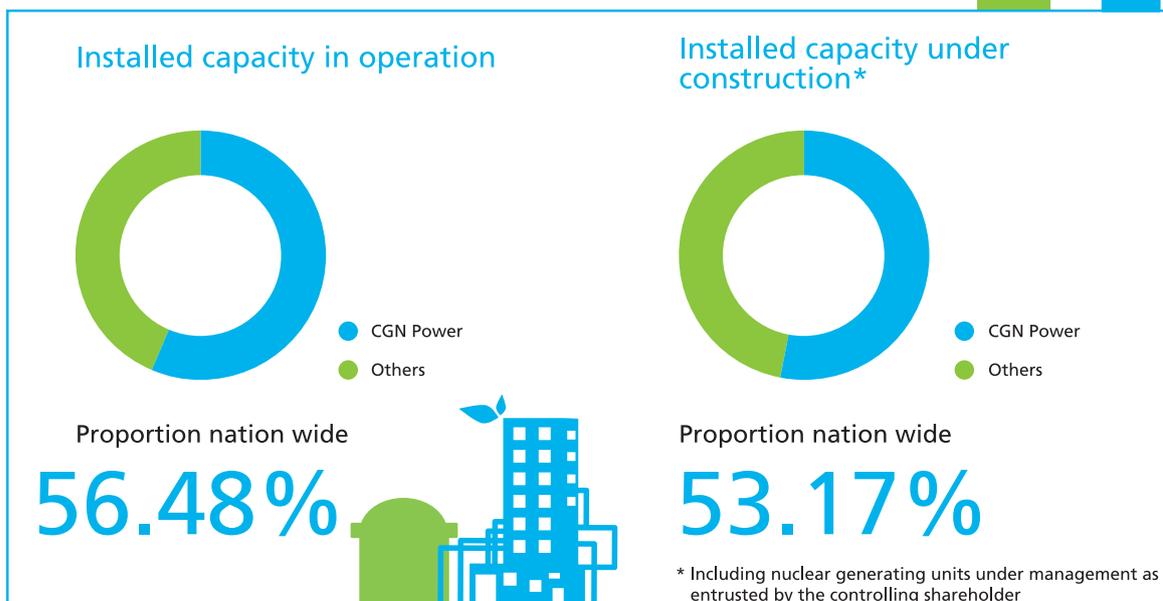
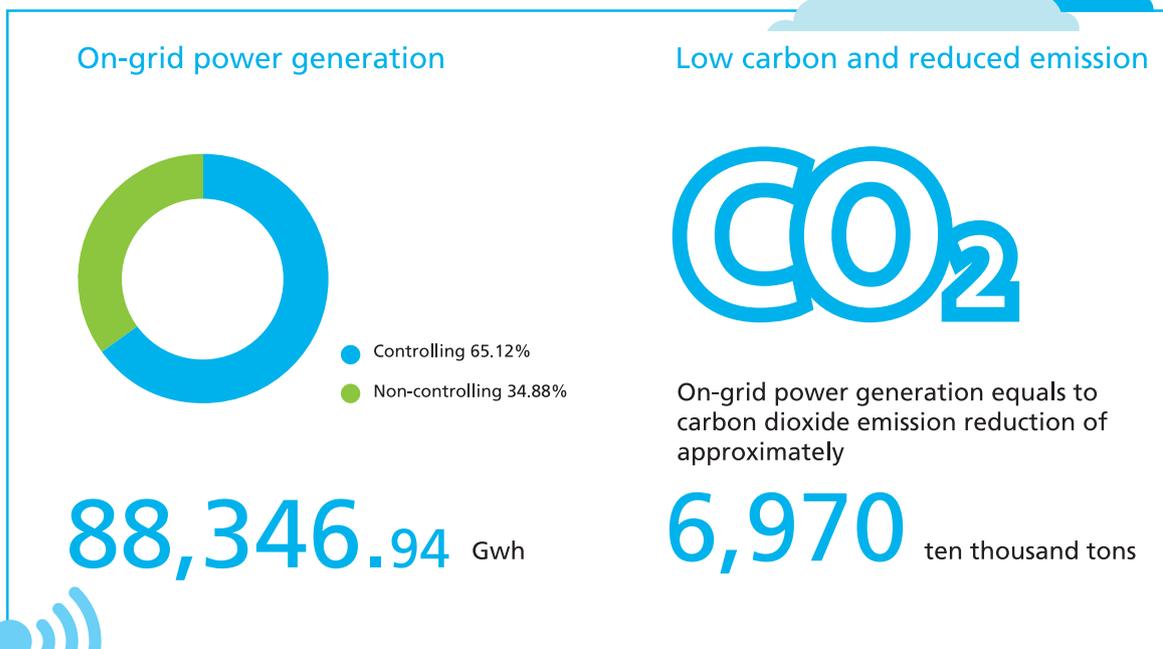


New construction of nuclear power station units

- On March 10, Hongyanhe Unit 5 and Unit 6 obtained the approvals of National Development and Reform Commission (“NDRC”) for construction with the adoption of ACPR1000 technology with the third generation nuclear power features.
- On March 29, Hongyanhe Unit 5 commenced construction.
- On July 24, Hongyanhe Unit 6 commenced construction.

* The cold functional test is the first integrated commissioning test after the system commissioning phase of a unit commences, which mainly includes the functional test on the reactor coolant system and related systems and the pressurizing test on the high-pressure boundary of the reactor coolant system and related systems in order to test the installation quality of the main circuit.

Business at a glance for the year
Key Data for 2015



Revenue
RMB million



23,262.90

Increase of 12.3% over that of 2014 (restated)

Dividend
Dividend per share



0.042 RMB (tax inclusive)

Earnings before interest, tax, depreciation
and amortisation ("EBITDA")
RMB million



15,530.57

Increase of 2.1% over that of
2014 (restated)

Earnings before interest, tax, depreciation
and amortisation ("EBITDA")
(net of the effect of net foreign exchange
difference) RMB million



14,998.24

Increase of 13.5% over that of
2014 (restated)

Profit for the year attributable
to owners of the Company
RMB million



6,593.65

Increase of 6.5% over that of
2014 (restated)

Profit for the year attributable
to owners of the Company
(net of the effect of net foreign exchange gains
difference) RMB million



6,300.69

Increase of 22.6% over that of
2014 (restated)

Financial Highlights

Highlights of consolidated statements of profit and loss and other comprehensive income

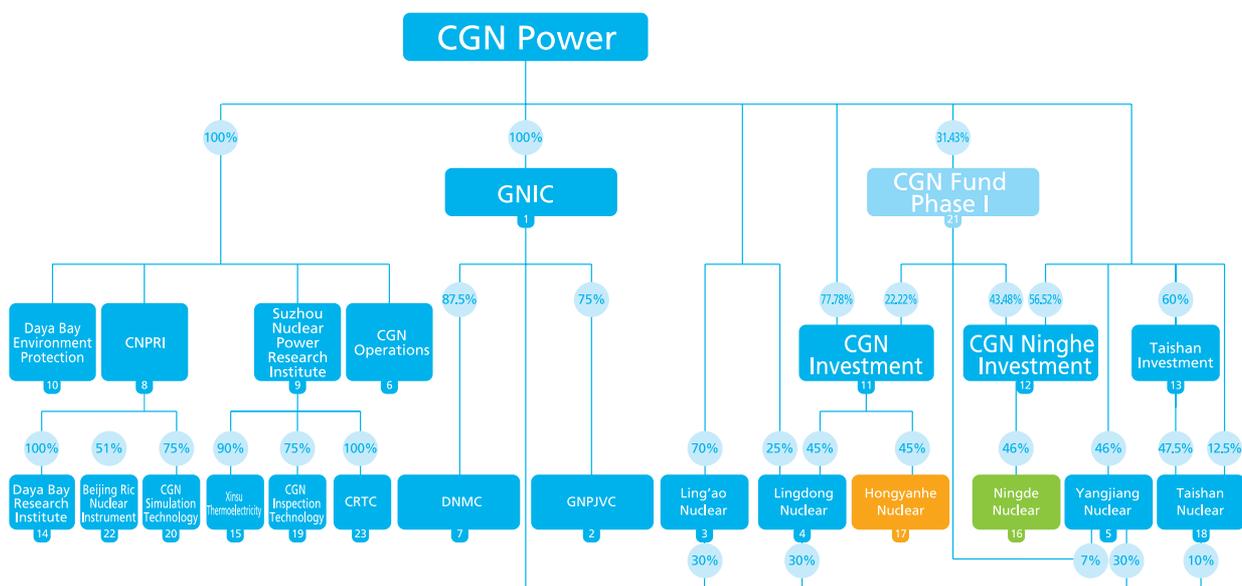
	2015	Year ended December 31			
		2014 (restated)*	2013	2012	2011
RMB'000					
Revenue	23,262,898	20,718,676	17,365,016	17,575,078	15,881,005
Gross profit	11,132,568	10,076,149	8,148,485	8,170,416	7,673,567
Profit before taxation	9,188,761	9,054,241	6,069,732	5,867,806	6,332,394
Taxation	(1,116,185)	(1,228,041)	(998,335)	(890,453)	(936,009)
Profit for the year	8,072,576	7,826,200	5,071,397	4,977,353	5,396,385
Profit attributable to					
– owners of the Company	6,593,646	6,192,761	4,194,547	4,144,645	4,727,489
– non-controlling interests	1,478,930	1,633,439	876,850	832,708	668,896
Earnings per share attributable to owners of the Company					
– Basic and diluted (RMB)	0.145	0.186	0.153	0.165	0.288

Highlights of consolidated statements of financial position

	2015	As of December 31			
		2014 (restated)*	2013 (restated)*	2012	2011
RMB'000					
Total non-current assets	190,949,763	178,297,794	160,189,005	95,167,248	87,420,952
Total current assets	26,851,595	42,590,705	23,890,154	27,095,962	26,286,598
Total assets	217,801,358	220,888,499	184,079,159	122,263,210	113,707,550
Total current liabilities	25,290,982	28,468,715	31,684,220	39,887,271	40,545,794
Total non-current liabilities	113,800,603	113,344,953	102,049,542	58,226,282	49,618,982
Total liabilities	139,091,585	141,813,668	133,733,762	98,113,553	90,164,776
Equity attributable to owners of the Company	56,636,949	59,450,087	31,179,488	16,304,286	17,451,901
Non-controlling interests	22,072,824	19,624,744	19,165,909	7,845,371	6,090,873
Total equity	78,709,773	79,074,831	50,345,397	24,149,657	23,542,774

* Since the Company acquired two subsidiaries under common control in 2015, the consolidated profit and loss and other comprehensive income statements for 2014 and the consolidated statements of financial position as of December 31, 2014 and December 31, 2013 of the Company and its subsidiaries (the "Group") had been restated.

Business at a glance for the year



1 100%

Guangdong Nuclear Investment Co., Ltd. (廣東核電投資有限公司) (“GNIC”)

The predecessor of GNIC was established in the PRC on August 18, 1983 and converted into a limited liability company on March 20, 2014. GNIC is a wholly-owned subsidiary of our Company.

2 75%

Guangdong Nuclear Power Joint Venture Co., Ltd. (廣東核電合營有限公司) (“GNPJVC”)

GNPJVC is a Sino-foreign joint venture company established in the PRC on January 26, 1985 with 75% of its equity interests held by GNIC and the remaining 25% by Hong Kong Nuclear Investment Company Limited (香港核電投資有限公司) (“HKNIC”). GNPJVC owns Daya Bay Nuclear Power Station.

3 100%

Ling’ao Nuclear Power Co., Ltd. (嶺澳核電有限公司) (“Ling’ao Nuclear”)

Ling’ao Nuclear is a limited liability company established in the PRC on October 4, 1995 with 70% of its equity interests held by our Company and 30% by GNIC, respectively. Ling’ao Nuclear owns Ling’ao Nuclear Power Station.

4 93.14%

Lingdong Nuclear Power Co., Ltd. (嶺東核電有限公司) (“Lingdong Nuclear”)

Lingdong Nuclear is a limited liability company established in the PRC on September 15, 2004 with 25% of its equity interests held by our Company, 30% by GNIC and 45% by CGN Investment, respectively. Lingdong Nuclear owns Lingdong Nuclear Power Station.

5 78.20%

Yangjiang Nuclear Power Co., Ltd. (陽江核電有限公司) (“Yangjiang Nuclear”)

Yangjiang Nuclear is a limited liability company established in the PRC on February 23, 2005 with 46% of its equity interests held by our Company, 30% by GNIC, 7% by CGN Fund Phase I, and the remaining 17% by Guangdong Yudean Group Co., Ltd. (廣東省粵電集團有限公司), respectively. Yangjiang Nuclear owns Yangjiang Nuclear Power Station.

6 100%

China Nuclear Power Operations Co., Ltd. (中廣核核電運營有限公司) (“CGN Operations”)

CGN Operations is a limited liability company established in the PRC on August 3, 2012 and a wholly-owned subsidiary of our Company.

7 87.5%

Daya Bay Nuclear Power Operations and Management Co., Ltd. (大亞灣核電運營管理有限責任公司) (“DNMC”)

DNMC is a limited liability company established in the PRC on March 12, 2003 with 87.5% of its equity interests held by GNIC and the remaining 12.5% by CLP Nuclear Power Operations & Management (China) Limited (中電核電運營管理(中國)有限公司), respectively.

8 100%

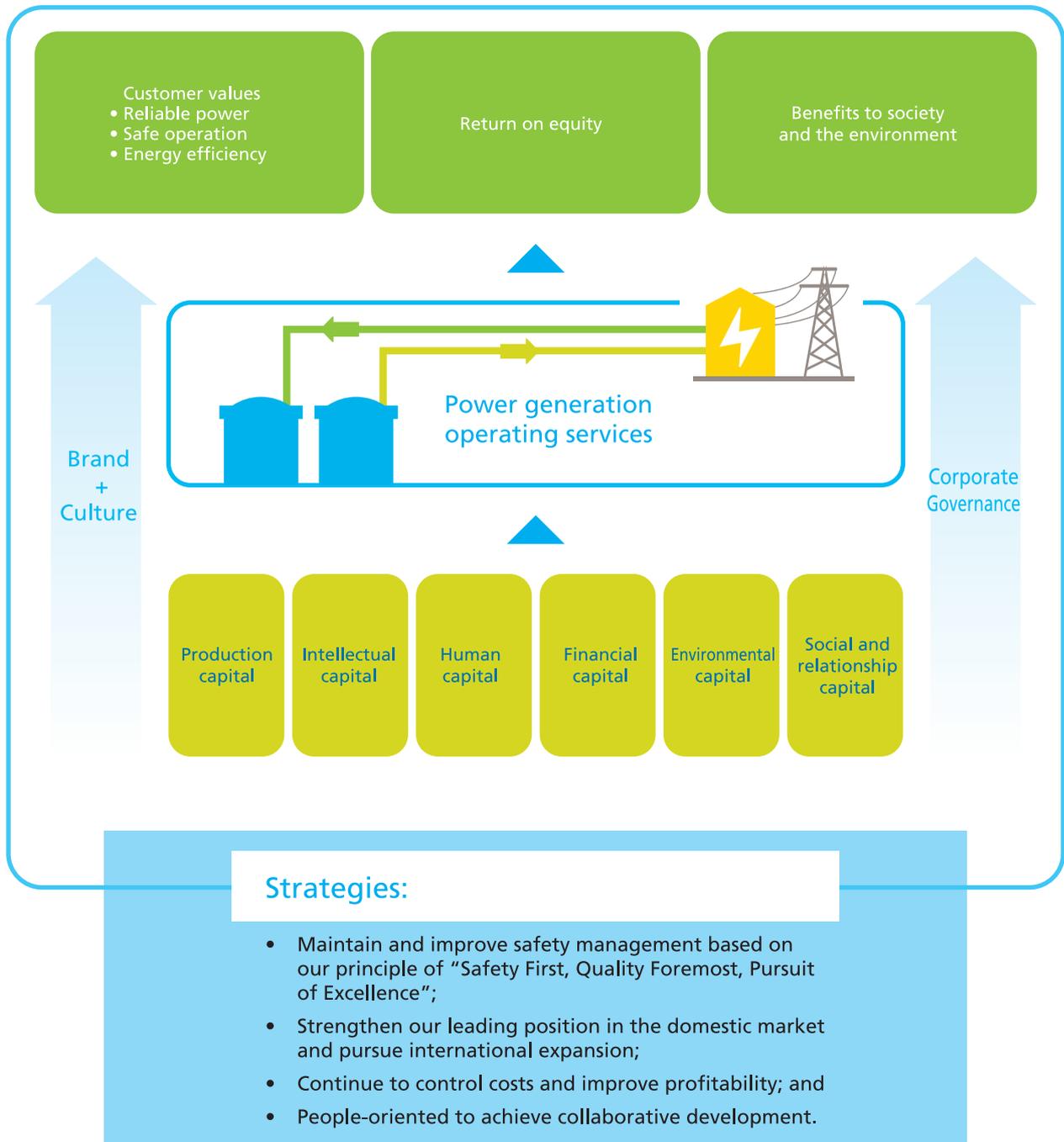
China Nuclear Power Technology Research Institute Co., Ltd. (中廣核研究院有限公司) (“CNPRI”)

CNPRI is a limited liability company established in the PRC on November 8, 2006, the name of which was changed from China Nuclear Power Technology Research Institute Co., Ltd. (中核核電技術研究院有限公司) on October 28, 2015 in accordance with the law, and a wholly-owned subsidiary of the Company.

- 9 100%** **Suzhou Nuclear Power Research Institute (蘇州熱工研究院有限公司) (“Suzhou Nuclear Power Research Institute”)**
The predecessor of Suzhou Nuclear Power Research Institute was established in the PRC on May 13, 1978 and converted into a limited liability company on July 7, 2003. Suzhou Nuclear Power Research Institute is a wholly-owned subsidiary of our Company.
- 10 100%** **Guangdong Daya Bay Nuclear Power Environment Protection Co., Ltd. (廣東大亞灣核電環保有限公司) (“Daya Bay Environment Protection”)**
Daya Bay Environment Protection is a limited liability company established in the PRC on January 7, 2002 and a wholly-owned subsidiary of our Company.
- 11 84.76%** **CGN Nuclear Power Investment Co., Ltd. (中廣核核電投資有限公司) (“CGN Investment”)**
CGN Investment is a limited liability company established in the PRC on October 11, 2011 with 77.78% and 22.22% of its equity interests held by our Company and CGN Fund Phase I, respectively.
- 12 70.19%** **CGN Ninghe Investment Co., Ltd. (中廣核寧核投資有限公司) (“CGN Ninghe Investment”)**
CGN Ninghe Investment is a limited liability company established in the PRC on October 11, 2011 with 56.52% and 43.48% of its equity interests held by our Company and CGN Fund Phase I, respectively.
- 13 60%** **Taishan Nuclear Power Industry Investment Co., Ltd. (台山核電產業投資有限公司) (“Taishan Investment”)**
Taishan Investment is a limited liability company established in the PRC on December 8, 2011 with 60% of its equity interests held by the Company and the remaining 40% by Guangdong Yudean Group Co., Ltd. (廣東省粵電集團有限公司).
- 14 100%** **China Daya Bay Nuclear Power Technology Research Institute Co., Ltd. (中國大亞灣核電技術研究院有限公司) (“Daya Bay Research Institute”)**
Daya Bay Research Institute is a limited liability company established in the PRC on May 9, 1988 and a wholly-owned subsidiary of CNPRI.
- 15 90%** **Nanjing Xinsu Thermoelectricity Co., Ltd. (南京新蘇熱電有限公司) (“Xinsu Thermoelectricity”)**
Xinsu Thermoelectricity is a limited liability company established in the PRC on September 11, 2001 with 90% of its equity interests held by Suzhou Nuclear Power Research Institute and the remaining 10% by Nanjing Jiangning State-owned Asset Operation Group Co., Ltd. (南京江寧國有資產經營集團有限公司).
- 16 32.29%** **Fujian Ningde Nuclear Power Co., Ltd. (福建寧德核電有限公司) (“Ningde Nuclear”)**
Ningde Nuclear is a limited liability company established in the PRC on March 23, 2006 with 46% of its equity interests held by CGN Ninghe Investment and the remaining 44% and 10% by Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司) and Fujian Energy Group Co., Ltd. (福建省能源集團有限責任公司), respectively. Ningde Nuclear owns Ningde Nuclear Power Station. Ningde Nuclear is a joint venture of the Company.
- 17 38.14%** **Liaoning Hongyanhe Nuclear Power Co., Ltd. (遼寧紅沿河核電有限公司) (“Hongyanhe Nuclear”)**
Hongyanhe Nuclear is a limited liability company established in the PRC on August 28, 2006 with 45% of its equity interests held by CGN Investment, and the remaining 45% and 10% by CPI Investment Nuclear Power Co., Ltd. (中電投核電有限公司) and Dalian Construction Investment Co., Ltd. (大連市建設投資集團有限公司), respectively. Hongyanhe Nuclear owns Hongyanhe Nuclear Power Station. Hongyanhe Nuclear is an associated company of the Company.
- 18 51%** **Taishan Nuclear Power Joint Venture Co., Ltd. (台山核電合營有限公司) (“Taishan Nuclear”)**
Taishan Nuclear is a limited liability company established in the PRC on July 5, 2007 with 12.5% of its equity interests held by our Company, 10% by GNIC, 47.5% by Taishan Investment, and the remaining 30% by EDF International and its subsidiary EDF (China) Holding Ltd.. Taishan Nuclear owns Taishan Nuclear Power Station.
- 19 75%** **CGN Inspection Technology Co., Ltd. (中廣核檢測技術有限公司) (“CGN Inspection Technology”)**
CGN Inspection Technology is a limited liability company established in the PRC on October 23, 2007 with 75% of its equity interest held by Suzhou Nuclear Power Research Institute and the remaining 25% by Tecnomat, S.A..
- 20 75%** **China Nuclear Power (Beijing) Simulation Technology Corporation Ltd. (中廣核(北京)仿真技術有限公司) (“CGN Simulation Technology”)**
CGN Simulation Technology is a limited liability company established in the PRC on May 9, 2008 with 75% of its equity interests held by CNPRI and the remaining 25% by Western Service Corporation-China LLC.
- 21 31.43%** **CGN Industry Investment Fund Phase I Co., Ltd. (中廣核一期產業投資基金有限公司) (“CGN Fund Phase I”)**
CGN Fund Phase I is a limited liability company established in the PRC on June 30, 2010 with 31.43% of its equity interests held by our Company, and the remaining 28.57%, 20%, 7.39%, 7.14% and 5.47% by China Three Gorges Corporation (中國長江三峽集團公司), BOC Investment Asset Management Co., Ltd. (中銀投資資產管理有限公司), China Development Bank Jingcheng (Beijing) Investment Fund Co., Ltd. (國開精誠(北京)投資基金有限公司), China Development Bank Capital Corporation Ltd. (國開金融有限責任公司) and China Development Bank Siyuan (Beijing) Investment Fund Co., Ltd. (國開思遠(北京)投資基金有限公司), respectively.
CGN Fund Phase I is an associated company of our Company.
- 22 51%** **Beijing Ric Nuclear Instrument Joint Venture Co., Ltd. (北京中法瑞克核儀器有限公司) (“Beijing Ric Nuclear Instrument”)**
Beijing Ric Nuclear Instrument is a limited liability company established in the PRC on December 9, 2010 with 51% of its equity interests held by CNPRI and the remaining 49% by Areva.
- 23 100%** **CGN (Shenzhen) Radiation Monitoring Technology Co., Ltd. (中廣核(深圳)輻射監測技術有限公司) (“CRTC”)**
CRTC is a limited liability company established in the PRC on March 12, 2015 and a wholly-owned subsidiary of Suzhou Nuclear Power Research Institute.

Business Model

The core business of the Company focuses on nuclear power-based electricity supply and services. Through years of nuclear power plant operation and management, we have accumulated capitals in areas such as production capital, intellectual capital, human capital, financial capital, environment capital and social and relationship capital. Through continuous investment in the various capital, we create the best benefits for our customers, shareholders, employees and the community.



The Chairman presents our development strategy



Chairman's Statement

Dear shareholders:

In 2015, CGN Power secured a steady growth in its operational scale and results. We put three new units into operation, and the number of nuclear power units in operation under our management reached 14, with a total installed capacity of 14.92 gigawatts, accounting for 56.5% of the total nuclear power installed capacity in operation of the country. During the year, 4 units of the Company (including Fangchenggang Nuclear managed by the Company as entrusted by the controlling shareholder) were approved by the state for construction. The number of units under construction managed by the Company reached 14, with a total installed capacity of 16.82 gigawatts, accounting for 53.2% of the total nuclear power installed capacity under construction of the country. Revenue of the Group for the full year was RMB23.263 billion, a year-on-year increase of 12.3% (after restatement). Profit attributable to the owners of the Company for the full year after deducting net exchange gains/losses was RMB6.301 billion, a year-on-year increase of 22.6% (after restatement). Based on the earnings during the year, the Board of Directors recommended the payment of a dividend of RMB0.042 per share (tax inclusive) for the year. The Company owes its notable results to the hard work of all the employees and the steadfast support of its shareholders, clients, business partners and other stakeholders. On behalf of the Board of Directors, I would like to take this opportunity to express my heartfelt gratitude to all shareholders and our supporters from all walks of life who have led us along the way!

Nuclear safety is paramount, and we always adhere to the principles of "Safety First, Quality Foremost, Pursuit of Excellence". In 2015, we set up the Nuclear Safety Committee under the Board of Directors, and enhanced supervision of corporate safety management at a higher level. The Nuclear Safety Committee held meetings on a regular basis to review safety risks, check safety management, and further enhance the implementation of our safety measures for actual practice. The Company continued to involve all employees in rolling out activities to build a safety culture, highlighting that every employee from junior staff to senior management should regulate their own acts for the sake of safety, with reverence towards nuclear safety in mind so as to form a safety culture embraced by all.

Last year, I have mentioned that we wish to enhance the corporate governance of the Company after its listing through the supervision by the capital market, and make it a new superior gene of us. Over the past year, we not only strictly adhered to regulatory requirements, but also strived to improve corporate governance. Prior to the listing in 2014, we have already adopted a corporate governance code for the Company that is even more stringent than the Corporate Governance Code in the Listing Rules of the Stock Exchange. In 2015, we completed the first self-evaluation on the implementation of our code, and benchmarked our governance against that of other outstanding listed companies in the industry of Hong Kong for continuous improvement of our performance and in support of the sustainable and sound development of the Company.

We have also expanded the functions of the Audit Committee of the Board of Directors to step up monitoring of corporate risk management. We have attached importance to the internal control and risk management of the Company, fully monitoring and conducting analysis on various risks of the Company. When potential risks are identified, we work out rational and viable solutions immediately according to the risk level, and take timely actions according to changes of such risks. In 2015, the national power system reform (the "Power Reform") continued to advance, and we actively participated in the formulation of related policies of the Power Reform and concluded an overall plan including measures such as launching innovative business models, upgrading the operation mode of nuclear power plants, strengthening marketing for the power business, and took corresponding actions in different phases of the reform. In respect of exchange rate fluctuation risk, we have upheld the prudence principle, and hedged our foreign currency debts and made risk prevention arrangements as appropriate to mitigate the impact of the volatility of the financial market on the operational cost and earnings of the Company. In early 2015, we actively studied the exchange rate fluctuation risk of our foreign currency debts, worked out solutions and took actions swiftly, successfully mitigating the impact of the substantial fluctuation in the exchange rate of RMB against the US dollar and Euro on the profit of the year.



“

Regulated governance,
integrity and
transparency for
industry leading results

”

Chairman's Statement

"Integrity and transparency" lie in the heart of the nuclear safety culture, and also stand for the operation principles of the Company. We have enhanced the understanding and participation of shareholders in our business operations through various measures and channels. In 2015, we hosted a number of communication activities, and invited investors, analysts, the media and the public to visit and study our nuclear power bases to have face-to-face communications with the management personnel and technical experts of the Company. The first annual report of the Company adopted the integrated reporting model in its preparation and provided more non-financial information in the report. In 2015, we released the on-grid energy information every quarter together with the financial results of the Company according to the Chinese accounting standards. Starting from 2016, we will not only release the on-grid energy information in each quarter, but also significant events such as production operations, project construction, technology research and development of the Company as well as corporate governance. On the other hand, we will also announce significant business information in a timely manner through more voluntary announcements.

The year 2015 is the first year of the full resumption of the nuclear power industry of the country in recent years. The state approved the construction of 8 new units with a total installed capacity of 9.15

gigawatts, among which our projects accounted for 50%. For the commitment of "non-fossil fuels accounting for 20% of the primary energy consumption in 2030" proposed by the state, it is estimated by relevant authorities that the installed capacity of nuclear power plants in operation will reach 120 to 150 gigawatts, which is 5 times of the level in 2015. According to the construction period of nuclear power projects, 8 to 10 nuclear power units need to be approved for construction every year in the coming 10 to 15 years to meet the above target. The nuclear power industry of the country will enter a fast-growing golden development period. In the future, we will fully grasp development opportunities, retain our competitive edges and adhere to the principles of integrity, transparency and regulated governance. We will also commit ourselves to the steady operations of the Company and sustain a steady growth in business scale and results so as to strive for our vision of becoming a leading global nuclear power operator and service provider.

Zhang Shanming
Chairman

March 14, 2016



President's Review

In 2015, CGN Power achieved sound business operations and steady growth in results. I will present a summary of the key performance of the Company for the year and highlight its major plans for the future. The detailed analysis of the Company's business is set forth in the relevant sections of this Annual Report.

Safety Management

Safety management takes consistent efforts and leaves no room for complacency. As the Company's number of operating units increased rapidly in the last two years, we rolled out various activities in 2015 to heighten the awareness of respect, responsibility and integrity regarding safety. By ways including live demonstration by the management, persistent implementation of safety management with zero tolerance for safety accidents and quality defects as well as the formation of safety culture teams, the Company continued to stimulate the motivation and self-awareness of staff at the basic level to participate in safety management, so as to fortify the foundation of safety and quality.

During the year of 2015, there was no level 2 or above nuclear events in the INES ("International Nuclear Event Classification" by the International Atomic Energy Agency) system, and we achieved safety management results with zero deaths, zero fire hazards and zero equipment damage incidents due to negligence.

In respect of safety management, we persist in carrying out international benchmarking, hosting exchange and learning activities with international industry institutions and other enterprises. All of our units started benchmarking with World Association of Nuclear Operators ("WANO") indicators since commercial operation began. In 2015, integrating the ranking of performance indicators of WANO, we initiated efforts to conduct in-depth benchmarking and analysis with certain international counterparts and formulated concrete steps to continually improve the Company on this basis. In 2015, 14 of the operating units of the Company achieved top quartile in 71.4% of the indicators, with 66.1% achieving top decile. Compared with the figures for 2014, units' WANO percentages of top quartile and top decile achievement were both improved, reflecting that our dedication to and improvement of the management measures of safety operation yielded positive results.

Operation Management

In 2015, Yangjiang Unit 2, Ningde Unit 3 and Hongyanhe Unit 3 successively commenced commercial operation and the number of generating units in operation under our management increased to 14. We continued to implement professional, intensive and standard management strategies and all of our operating units achieved safe operation during the year. Our 2015 on-grid power generation increased 20.4% year-on-year to 88,346.9 GWh.

As new generating units commenced operation one after another, the number of refueling outages surged from 6 and 7 in 2013 and 2014 respectively to 10 in 2015, of which 4 outages were either 10-year outage with relatively long duration or first outage, and the duration of 4 refueling outages overlapped with one another substantially. Since 2012, we started to implement professional, intensive and standard outage management practices, covering various aspects from talent pool, capacity training to management models, so as to best prepare for the numerous refueling outages and overlapping of several outage durations in the year to come. In 2015, we made coordinated arrangements and unified instructions for outage works while allocating outage staff in a rational manner so as to create a joint work model, with each power plant serving as mutual backup for each other, thereby successfully completed outage works for the year and safeguarded the safe operation of generating units. On the premise of ensuring safety and quality, we strengthened the control of outage duration in a rational manner. For example, the duration of the first outage of Ningde Unit 2 completed during the year was shorter than that of the first outage of Ningde Unit 1.



“

Doing Things
Right in One Go

”

We attach high importance to the usage rates of the generating units, and actively seek for higher on-grid power generation. So far, our operating units are mainly concentrated in the Guangdong, Fujian and Liaoning Provinces. Supply and demand characteristics of electricity markets in different regions differ, therefore we carried out detailed analysis of the respective market environments and responded proactively by implementing different measures from various aspects. We formulated a comprehensive solution in 2014 to address the issue and established a special task force to actively communicate with relevant parties, so as to facilitate the execution of the related measures. In the first quarter of 2015, as the demand for nuclear power in the Liaoning region reduced during heating period, we appropriately arranged certain part of the first outage work of Hongyanhe Unit 2. After entering the heating provision period in the fourth quarter of 2015, the Hongyanhe nuclear power station kept the two generating units running for most of the period, increasing one generating unit year-on-year for power generation when compared with that of 2014. The usage rate of Hongyanhe nuclear power station's generating units improved during the year of 2015.

Project Construction

In 2015, four of the generating units in two projects that we manage (including those of the Fangchenggang nuclear power project as entrusted by the controlling shareholder) were approved by national authorities, therefore the number of generating units under construction that we manage (including those of the Fangchenggang nuclear power project as entrusted by the controlling shareholder) increased to 14, ranking the first in terms of installed capacity under construction in the world.

For nuclear power projects under construction, led by design and facilitated by planning, we exercised control in six major areas including progress, technology, quality, safety, environment and investment, seeking to control the project cost at source. While maintaining the standard of safety and quality, progress and cost control of project construction are our primary concerns. Relying on our project management capability accumulated throughout the years, we can effectively manage the construction progress of nuclear power projects, and both Yangjiang Unit 2 and Ningde Unit 3, newly commenced operation in 2015, were ahead of the original schedule.

The Taishan nuclear power project is our first construction project applying the third generation nuclear power technology. Although its construction commenced later than other similar projects, through our joint efforts with domestic and overseas partners, the construction progress of the project has now surpassed other similar international projects, while the safety and quality of the project have met national standards and regulatory requirements. Taishan Unit 1 started a cold functional test on December 30, 2015 and successfully finished it on January 27, 2016. It is the first nuclear generating unit using EPR technology in the world to finish a cold functional test. For the next step, we will actively bring the project forward and complete commissioning before it commences operation.

R&D in Technology

Our R&D in technology is aimed at delivering better operating results and promoting future development in the area of nuclear power. On the one hand, we focus on technology improvement to improve the safety, reliability and economy of nuclear power operation, while on the other hand we attach importance to equipping ourselves with technologies essential to future development, thereby enhancing our core competitiveness and development capability.

We pay close attention to the development of international nuclear reactor technologies, and at the same time actively participate in the development of new technologies. We took an active part in the research and development of Hualong I ("HPR1000") which applied the third generation nuclear power technology, and the Fangchenggang Unit 3 applying the same technology had commenced construction on December 24, 2015. Meanwhile, we had also independently developed marine small modular reactors ACPR50S for nuclear power plant with characteristics including high safety standards, modular, and multi-functional, rendering it a choice for distributed marine integrated energy systems in the future.

Our self-developed and advanced nuclear fuel assemblies (STEP-12) of which we own independent intellectual property rights were granted the permission for loading into the reactor by the National Nuclear Safety Administration ("NNSA") in November 2015, and were loaded into the nuclear reactor of Lingdong Unit 1 to undergo irradiation tests for commercial reactors on February 14, 2016. The application of this R&D achievement can enhance the maximum burnup limit and safety margin of nuclear fuel assemblies, so as to pave the way for implementing more flexible and economical fuel management solutions to elevate the usage rate of generating units and the economy of nuclear power.

President's Review

We self-developed robots to perform non-destructive testing of the pressurizer vessel for gigawatt-level PWR nuclear power stations and developed innovative technologies in areas such as structure design, circuit design, 3D software development, assessment methodology and system integration, fully achieving self-reliance and localization, and their overall performance indicators have met internationally advanced standards. The R&D achievement has been successfully applied to the pre-service and in-service inspection of certain generating units of the bases in Daya Bay, Hongyanhe, Ningde, Yangjiang and Taishan.

Future Outlook

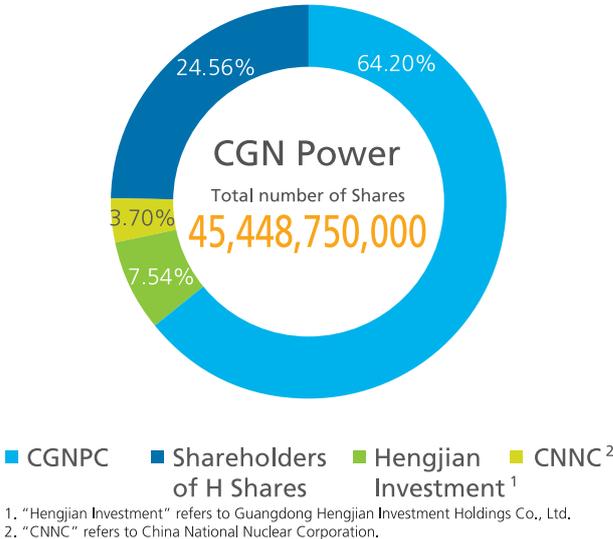
In the coming year, we plan to have five generating units (including those units entrusted by the controlling shareholders, of which two have commenced operation on January 1, 2016) commencing commercial operation. We adhere to principle of "Doing Things Right in One Go", and regardless of whether a generating unit has been operating for years or is newly in operation, we keep a close track of its safe and stable operation all the same. Meanwhile, we will closely monitor the latest market development to coordinate our power generation strategy and improve our electricity sales model to seek for higher on-grid power generation. For all the projects under construction, we will continue to improve project management, ensure construction quality and control the construction period and cost. We will also carry forward our research in new technologies, and enhance our independent R&D capabilities to fully adapt to the needs for new technologies arising from the future development of nuclear power.

In 2016, we will join forces with different parties and make an utmost effort to lay a solid foundation for the future development of the Company.

Gao Ligang
President
March 14, 2016

Shareholders' Value

The Board of Directors, the management and employees of the Company are responsible for creating value for our shareholders. As such, the Company will continue to maintain stable operational development and steady growth, while it will take an active and transparent approach with integrity for a close communication with our shareholders and safeguard the shareholders' trust and confidence on the Company with rewards to them. On December 31, 2015, CGN Power had 4,213 registered shareholders, but if taking into account individuals and institutions holding equity interests in the Company indirectly through intermediaries such as nominees, investment funds and the Central Clearing and Settlement System (CCASS) and the Shanghai-Hong Kong Stock Connect, the actual number of investors would be much higher.



Dividend distribution

The proposed final dividend for the year ended December 31, 2014 of RMB0.0025 (tax inclusive) per share was approved by our shareholders at the 2014 annual general meeting held on June 12, 2015 and the Company had completed the distribution at July 31, 2015.

The Board has proposed to declare a final cash dividend of RMB0.042 (tax inclusive) per share for the year from January 1, 2015 to December 31, 2015 to our shareholders as of the record date of dividend payment. The distribution ratio of the final dividend is determined based on various factors including the 2015 business performance of the Company. Final dividends of this year will be distributed after being approved by our shareholders at the 2015 annual general meeting of the Company and are expected to be distributed around July 13, 2016.

When considering the proportion of dividend payment in the future, we will take into consideration the operating performance of the Company, the future development strategies for the year and other factors, provided that it shall not be lower than 33% of the distributable net profits for the year.

Shareholders' Value

Communication with Shareholders and Investors

Investor relations have always been regarded as highly important by the Company, the Board and our senior management. The Company has established, among other things, the Investor Relations Management System, the Information Disclosure Management System and the Connected Transaction Management System, to regulate the management of investor relations through these systems. Moreover, the Company has formulated the Policy on Shareholders' Communication, stipulating the main channels and means of communication between the Company and its shareholders and investors, which has been published on the Company's website. We have enhanced the effective communication between the Company and its shareholders by various means and have handled opinions and feedbacks from investors in a serious manner, paying attention to protect the rights of shareholders.

Channels of communication with shareholders and investors:

- Annual report and interim report of the Company.
- Annual general meeting: The 2015 annual general meeting is proposed to be held in May 2016.
- Company website (www.cgnp.com.cn): An Investor Relations column has been established to publish various documentary information relevant to shareholders, and respond to questions from shareholders.
- News conference: Introduce to the public the Company's performance, safe production, social responsibility, and relevant information on nuclear power and radiation.
- Results announcement conference: Introduce to investors the annual results and interim results of Company.
- Hotlines and e-mails for investor relations: Conduct daily communication and give reply to enquiries from shareholders and investors in a timely manner.
- Results roadshow: Organize annual results roadshow and interim results roadshow activities to conduct face-to-face communication with investors on the Company's performance.
- Investors meetings: The Company arranges interviews between the management and the investors from time to time to listen to their opinions and suggestions.
- On-site inspections: The Company organizes investors, analysts and other relevant persons to conduct on-site inspections of the nuclear power bases from time to time, so that they can understand the production and construction status of the nuclear power stations first-hand.
- Analyst teleconferences: Organize quarterly analyst teleconferences to provide quarterly updates on safety production to investors and analysts as well as serving a consultation and communication channel. Moreover, teleconferences will also be arranged in accordance with the conditions of the production and operation of the Company from time to time.

Shareholder's Diary 2016

January



- Announcement of 2015 fourth quarter operation briefing
- 2015 fourth quarter analyst teleconference

February

March



- Announcement of 2015 annual results
2015 annual results roadshow

April



- Publication of 2015 annual report
- Announcement of 2016 first quarter operation briefing
- 2016 first quarter analyst teleconference

May



- 2015 annual general meeting

June

July

- Announcement of 2016 second quarter operation briefing
- 2016 second quarter analyst teleconference
- Distribution of 2015 final dividend

August

- Announcement of 2016 interim results and interim report
- 2016 interim results roadshow

September



October



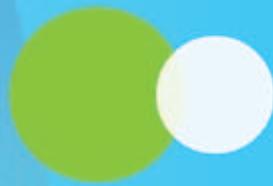
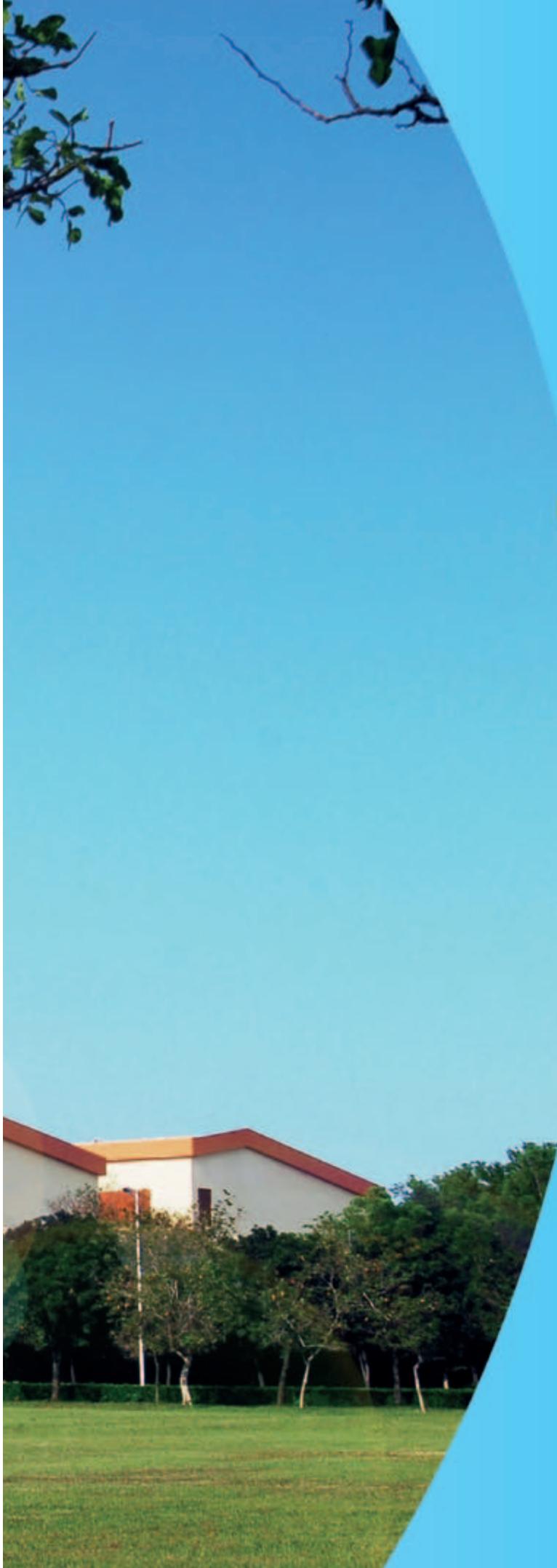
- Announcement of 2016 third quarter operation briefing
- 2016 third quarter analyst teleconference

November

December

Note: Any change of the above dates shall be announced on the website of CGN Power.





Finance, Assets and Investment

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Analysis

26 Assets and Investment

Financial Performance and Analysis

Our investment and operational strategies affect our business performance, which in turn translate into the finance data in our financial statements.

Impact of restatement of 2014 Financial Statements

The Company completed the acquisition of 60% of the equity interests in Taishan Investment and 12.5% of the equity interests in Taishan Nuclear held by CGNPC, the ultimate controlling company of the Company in 2015. As the Company, Taishan Investment and Taishan Nuclear are under common control of CGNPC, the above acquisition has been recorded as a business combination under common control. The assets and liabilities of Taishan Investment and Taishan Nuclear have

been recognised in the consolidated financial statements of the Group at the carrying amounts recognised previously in CGNPC's consolidated financial statements. The financial data for 2014 in the consolidated financial statements of the Group has been restated as if the combination had occurred prior to the start of the earliest period presented. The following table sets forth the impact of the restatement on the key items included in the consolidated financial statements for 2014:

	For the year ended December 31,		Movements increase/ (decrease) RMB'000
	2014 (restated) RMB'000	2014 (before restatement) RMB'000	
Revenue	20,718,676	20,793,287	(74,611)
Net foreign exchange gains	1,990,744	608,730	1,382,014
Effects of net foreign exchange gains on the profit for the year attributable to owners of the Company	1,053,352	504,909	548,443
Profit for the year attributable to owners of the Company (net of effects of net foreign exchange gains)	5,139,409	5,207,659	(68,250)
Profit for the year attributable to owners of the Company	6,192,761	5,712,568	480,193
Total assets	220,888,499	156,926,083	63,962,416
Total liabilities	141,813,668	97,509,803	44,303,865
Total equity	79,074,831	59,416,280	19,658,551
Equity attributable to owners of the Company	59,450,087	50,788,560	8,661,527

For details of the effects of the restatements on the consolidated financial statements for 2014, please refer to note 2 to the consolidated financial statements.

The following analysis is conducted based on the restated financial statements.

KEY FINANCIAL INDICATORS

Item	2015	2014 (restated)
Indicators of profitability		
EBITDA margin (%) ¹	66.8	73.4
Net profit margin (%) ²	34.7	37.8
Indicators of investment returns		
Return on equity attributable to owners of the Company (%) ³	11.4	13.7
Return on total assets (%) ⁴	5.5	6.1
Indicators of solvency		
Asset-liability ratio (%) ⁵	63.9	64.2
Debt to equity ratio (%) ⁶	144.8	120.6
Interest coverage ⁷	1.8	1.8

Notes:

- 1 The sum of profit before taxation, finance costs, depreciation and amortization divided by revenue and multiplied by 100%.
- 2 Profit for the year divided by revenue and multiplied by 100%.
- 3 Profit for the year attributable to owners of the Company divided by average equity attributable to owners of the Company (the arithmetic mean of the opening and closing balances) and multiplied by 100%.
- 4 The sum of profit before taxation and finance costs divided by the average sum of current assets and non-current assets (the arithmetic mean of the opening and closing balances) and multiplied by 100%.
- 5 The sum of current liabilities and non-current liabilities divided by the sum of current assets and non-current assets and multiplied by 100%.
- 6 Net debt (the total amount of bank and other borrowings less cash and cash equivalents and other deposits over three months) divided by total equity and multiplied by 100%.
- 7 The sum of profit before taxation and finance costs divided by the sum of finance costs and interest expenses which capitalized in construction in progress.

FINANCIAL RESULTS ANALYSIS

	For the year ended December 31,		Movements increase/ (decrease) RMB'000	Percentage change increase/ (decrease) %
	2015 RMB'000	2014 (restated) RMB'000		
Revenue	23,262,898	20,718,676	2,544,222	12.3
Net foreign exchange gains	532,327	1,990,744	(1,458,417)	(73.3)
Effects of net foreign exchange gains on the profit for the year attributable to owners of the Company	292,957	1,053,352	(760,395)	(72.2)
Profit for the year attributable to owners of the Company (net of effects of net foreign exchange gains)	6,300,689	5,139,409	1,161,280	22.6
Profit for the year attributable to owners of the Company	6,593,646	6,192,761	400,885	6.5

Financial Performance and Analysis

REVENUE

	For the year ended December 31,		Movements increase/ (decrease) RMB'000	Percentage change increase/ (decrease) %
	2015 RMB'000	2014 (restated) RMB'000		
Sales of electricity	21,542,239	19,327,383	2,214,856	11.5
Technical and training service revenue	1,516,722	1,154,613	362,109	31.4
Sales of equipment and other goods	203,937	236,680	(32,743)	(13.8)
Total revenue	23,262,898	20,718,676	2,544,222	12.3

The increase in revenue from sales of electricity was primarily due to the commencement of commercial operation of Yangjiang Unit 2 on June 5, 2015 and the year-on-year increase of 10.3% in our subsidiaries' on-grid power generation for the year as a result of different refuelling outage schedules for generating units in different years.

COST OF SALES AND SERVICES

	For the year ended December 31,		Movements increase/ (decrease) RMB'000	Percentage change increase/ (decrease) %
	2015 RMB'000	2014 (restated) RMB'000		
Cost of nuclear fuel	3,260,084	3,094,614	165,470	5.3
Depreciation of property, plant and equipment	2,987,994	2,625,932	362,062	13.8
Provision for spent fuel management	834,213	770,454	63,759	8.3
Others	4,660,095	3,847,374	812,721	21.1
Total cost of sales and services	11,742,386	10,338,374	1,404,012	13.6

The increase in cost of nuclear fuel was primarily due to the increased on-grid power generation. The increase in depreciation of property, plant and equipment was primarily due to the longer period of depreciation of Yangjiang Unit 1 in 2015 as compared with 2014 as a result of its commencement of commercial operation on March 25, 2014, as well as the depreciation costs incurred by Yangjiang Unit 2 which was put into commercial operation on June 5, 2015. The increase in other cost of sales and services was primarily due to the impact of the year-on-year increase in the number of outage schedules as well as the increase in staff cost, mounting operation and maintenance cost included into profit or loss for the current period after commencement of operation of new generating units.

OTHER GAINS AND LOSSES

	For the year ended December 31,		Movements increase/ (decrease) RMB'000	Percentage change increase/ (decrease) %
	2015 RMB'000	2014 (restated) RMB'000		
Net foreign exchange gains	532,327	1,990,744	(1,458,417)	(73.3)
Others	9,162	109,528	(100,366)	(91.6)
Other gains and losses	541,489	2,100,272	(1,558,783)	(74.2)

Our other gains and losses decreased from the gains of RMB2,100.3 million in 2014 to the gains of RMB541.5 million in 2015, primarily due to the fact that (i) we held some debts denominated in foreign currency, most of which were held by Taishan Nuclear, for the need of purchase of equipment, spare parts and the relevant services for nuclear power project from overseas markets, hence, fluctuation of exchange rate of RMB against foreign currency will affect our profit. In respect of our foreign exchange risk management, the Company has always aimed at cost control instead of profit making. The depreciation rate of Euro against RMB was far lower in 2015 as compared with that in 2014 while the exchange rate of USD against RMB appreciated significantly, which had an impact on our net foreign exchange gains on Euro and USD denominated debts, resulting in our net foreign exchange gains to a decrease from RMB1,990.7 million in 2014 to RMB532.3 million in 2015, among which the effects of net foreign exchange gains on profit for the year attributable to owners of the Company decreased from RMB1,053.4 million in 2014 to RMB293.0 million in 2015. In February 2015, according to the changes in the domestic and foreign financial situations, the Company had reviewed the risk of exchange rate fluctuation on foreign currency debts and formulated corresponding measures to cope with the situation. In 2015, the Company reduced its exposure to foreign exchange risk associated with debts denominated in foreign currencies by stages and in batches through various measures including forward transactions, debts replacement and early repayment, and changed its financing methods for foreign business contracts to exercise control over new debts denominated in foreign currencies, thereby reducing the impact of exchange rate fluctuation. As of the end of 2015, balance of the Group's bank borrowings and other borrowings denominated in foreign currencies was RMB14,684.6 million in equivalent, representing a year-on-year decrease of 29.3%, as compared to RMB20,760.7 million as of the end of 2014, and its percentage in total bank borrowings and other borrowings was 11.9%, representing a year-on-year decrease of 4.8 percentage point, as compared to 16.7% as of the end of 2014; (ii) our realised gains on disposal of our subsidiary Yangjiang Site Development Co., Ltd. were RMB141.4 million in 2014, as compared to our realised gains of RMB19.5 million on disposal of our associate Baoyin Special Steel Pipe Co., Ltd. (寶銀特種鋼管有限公司) ("Baoyin Company") in 2015.

Financial Performance and Analysis

SHARE OF RESULTS OF ASSOCIATES

Our associates mainly include Hongyanhe Nuclear and CGN Fund Phase I. Our share of results of associates decreased from RMB232.9 million in 2014 to RMB134.6 million in 2015, primarily due to the decreased profit of Hongyanhe Nuclear in 2015 as compared with 2014 as a result of various factors including the electricity market in Northeast China and the heating supply period in winter.

SHARE OF RESULTS OF JOINT VENTURES

Our joint ventures mainly include Ningde Nuclear. Our share of results of joint ventures increased from RMB228.4 million in 2014 to RMB638.7 million in 2015, primarily because Ningde Unit 3 commenced commercial operation on June 10, 2015 and started generating profits, and Ningde Unit 2 commenced commercial operation on May 4, 2014, resulting in a longer commercial operating period in 2015 as compared with that of 2014.

FINANCE COSTS

Our finance costs decreased from RMB3,204.2 million in 2014 to RMB2,969.9 million in 2015, primarily due to the decreased interest expense of the Group's new debts and certain existing debts denominated in RMB as a result of benchmark interest rate cuts by the People's Bank of China for RMB loans. In addition, the Company used RMB1,330.0 million of the net proceeds from the listing to replenish its working capital in 2015, resulting in the reduction of interest expense of debts.

FINANCIAL POSITION

	December 31, 2015	December 31, 2014 (restated)	Movements increase/ (decrease)	Percentage change increase/ (decrease)
	RMB'000	RMB'000	RMB'000	%
Total assets	217,801,358	220,888,499	(3,087,141)	(1.4)
Total liabilities	139,091,585	141,813,668	(2,722,083)	(1.9)
Total equity	78,709,773	79,074,831	(365,058)	(0.5)
Equity attributable to owners of the Company	56,636,949	59,450,087	(2,813,138)	(4.7)

NET CURRENT ASSETS

At December 31, 2015, the Group's net current assets amounted to RMB1,560.6 million, representing a decrease of RMB12,561.4 million or 88.9% as compared with RMB14,122.0 million at December 31, 2014 and the main reasons for the changes have been set out in the sections headed "Current Assets" and "Current Liabilities" in this chapter.

CURRENT ASSETS

	December 31, 2015	December 31, 2014 (restated)	Movements increase/ (decrease)	Percentage change increase/ (decrease)
	RMB'000	RMB'000	RMB'000	%
Inventories	10,790,294	9,346,453	1,443,841	15.4
Trade and bills receivables	3,538,964	2,345,547	1,193,417	50.9
Prepayments and other receivables	1,806,624	882,305	924,319	104.8
Cash and cash equivalents	7,178,593	26,962,549	(19,783,956)	(73.4)
Other deposits over three months	2,137,858	2,080,900	56,958	2.7
Other current assets	1,399,262	972,951	426,311	43.8
Total current assets	26,851,595	42,590,705	(15,739,110)	(37.0)

The increase in inventories was primarily due to the mounting nuclear fuel and spare parts in stock of Yangjiang Nuclear as a result of the commencement of operation of new generating units and the ongoing construction progress of generating units under construction. The increase in trade and bills receivables was primarily due to the increased receivables from sales of electricity as a result of more power generating units in operation as of the end of 2015 as compared with that of 2014 in the context of the increasing number and the differences in outage plan of units in operation. The increase in prepayments and other receivables was primarily due to the increased value-added tax recoverable and the mounting prepayments as a result of new generating units coming into commercial operation. The decrease in cash and cash equivalents was primarily due to the fact that the Company had used RMB19,763.3 million of the net proceeds from the listing for the purposes as set out in the Prospectus dated November 27, 2014 (the "Prospectus") as of December 31, 2015.

CURRENT LIABILITIES

	December 31, 2015	December 31, 2014 (restated)	Movements increase/ (decrease)	Percentage change increase/ (decrease)
	RMB'000	RMB'000	RMB'000	%
Trade and other payables	8,025,225	6,655,421	1,369,804	20.6
Amounts due to related parties	1,469,899	5,194,421	(3,724,522)	(71.7)
Loans from ultimate holding company	2,000,000	3,745,000	(1,745,000)	(46.6)
Loans from fellow subsidiaries	1,581,400	658,400	923,000	140.2
Payables to ultimate holding company	1,995,921	3,530,000	(1,534,079)	(43.5)
Bank borrowings	7,537,358	7,338,137	199,221	2.7
Other current liabilities	2,681,179	1,347,336	1,333,843	99.0
Total current liabilities	25,290,982	28,468,715	(3,177,733)	(11.2)

Financial Performance and Analysis

The increase in trade and other payables was mainly due to the fact that our subsidiaries used more bills to settle construction contract. The decrease in amounts due to related parties was primarily due to the fact that the Company paid a special dividend of RMB3,688.1 million (an amount equal to the retained earnings accrued during the period from the date of establishment to the listing date) to its pre-listing shareholders in the first half of 2015. The decrease in loans from ultimate holding company was primarily due to the repayment of loans of RMB1,745.0 million in 2015 by the Group. The decrease in payables to ultimate holding company was primarily due to the repayment of principal, in the amount of RMB3,530.0 million, of the medium-term notes due in 2015, as well as the addition of the medium-term notes due within one year of RMB1,995.9 million. The increase in other current liabilities was primarily due to the Company's issuance of short-term debentures of RMB1,000.0 million in 2015.

NON-CURRENT ASSETS

	December 31, 2015 RMB'000	December 31, 2014 (restated) RMB'000	Movements increase/ (decrease) RMB'000	Percentage change increase/ (decrease) %
Property, plant and equipment	168,646,965	155,923,218	12,723,747	8.2
Interests in associates	6,978,505	7,062,093	(83,588)	(1.2)
Interests in joint ventures	4,898,505	4,831,016	67,489	1.4
Value-added tax recoverable	4,787,229	5,285,730	(498,501)	(9.4)
Prepaid lease payments	2,399,814	2,331,432	68,382	2.9
Other non-current assets	3,238,745	2,864,305	374,440	13.1
Total non-current assets	190,949,763	178,297,794	12,651,969	7.1

The increase in property, plant and equipment was primarily due to the fact that we continued to construct Yangjiang Nuclear Power Station and Taishan Nuclear Power Station. The decrease in value-added tax recoverable was primarily due to the reclassification of the generating units' value-added tax recoverable into the current assets following the operation commencement of the new generating units. The increase in other non-current assets was primarily due to the increase in construction-related prepayment.

NON-CURRENT LIABILITIES

	December 31, 2015 RMB'000	December 31, 2014 (restated) RMB'000	Movements increase/ (decrease) RMB'000	Percentage change increase/ (decrease) %
Borrowings and notes payable	105,380,532	101,673,167	3,707,365	3.6
Provisions	1,755,732	1,526,003	229,729	15.1
Payable to ultimate holding company	—	2,000,000	(2,000,000)	(100.0)
Loans from fellow subsidiaries	3,775,834	4,471,233	(695,399)	(15.6)
Other non-current liabilities	2,888,505	3,674,550	(786,045)	(21.4)
Total non-current liabilities	113,800,603	113,344,953	455,650	0.4

The increase in borrowings and notes payable was primarily due to the increase in long-term borrowings and notes payable by Yangjiang Nuclear and Taishan Nuclear in order to meet the capital requirements for construction of nuclear power projects. The decrease in payables to the ultimate holding company was primarily due to the reclassification of medium-term notes due within one year into current liabilities. The decrease in other non-current liabilities was primarily due to the repayment of borrowings from a financial institution by Yangjiang Nuclear.

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

As we completed the acquisition of the equity interests in Taishan Investment and Taishan Nuclear in April 2015, pursuant to the merger accounting for business combinations under common control, the financial data at the beginning of this year in the Group's consolidated financial statements needs to be restated. In preparation of the Group's restated consolidated financial statements as of December 31, 2014, after the incorporation of assets and liabilities of Taishan Investment and Taishan Nuclear,

adjustment was made to equity attributable to owners of the Company upon the increase of net assets as a result of the combinations. After the restatement, the Group's equity attributable to owners of the Company, as of December 31, 2014, amounted to RMB 59,450.1 million, representing an increase of RMB 8,661.5 million from RMB 50,788.6 million before restatement. As of December 31, 2015, equity attributable to owners of the Company amounted to RMB56,636.9 million, representing a decrease of RMB2,813.2 million or 4.7% as compared with RMB59,450.1 million as of December 31, 2014, primarily due to the following reasons: (i) we completed the acquisition of 60% of the equity interests in Taishan Investment and 12.5% of the equity interests in Taishan Nuclear in 2015 and the equity attributable to owners of the Company at the end of the reporting period was reduced by the final acquisition consideration of RMB9,612.2 million; (ii) our cash dividend declared in 2015 resulted in a decrease in equity attributable to owners of the Company by RMB113.6 million; and (iii) the total comprehensive income attributable to owners of the Company amounted to RMB6,912.7 million in 2015.

Assets And Investment

Save for the acquisition of Taishan Nuclear project, the Group was mainly engaged in the investment in construction of nuclear power generating units, technical improvement in the nuclear power stations in operation, and research and development of technologies related to nuclear power for the year ended December 31, 2015.

CAPITAL EXPENDITURE

For the year ended December 31, 2015, capital expenditure of the Group amounted to approximately RMB15,962.4 million, representing a decrease of RMB2,784.1 million or 14.9% from RMB18,746.5 million in 2014. It was primarily used for the continuing construction of Yangjiang Nuclear Power Station and Taishan Nuclear Power Station. The capital expenditure for project construction decreased along with the ongoing construction progress of relevant projects.

MAJOR INVESTMENTS IN EQUITY

For the year ended December 31, 2015, the Group increased its capital in associates and joint ventures by RMB535.9 million, of which amounts of RMB205.5 million, RMB195.8 million and RMB82.8 million were made to Ningde Nuclear, Hongyanhe Nuclear and CGNPC Fund Phase I respectively.

MATERIAL ACQUISITION AND DISPOSAL

MAJOR ACQUISITION

Pursuant to the Equity Transfer Agreement entered into between the Company and CGNPC on October 30, 2014, we completed all relevant procedures for the acquisition of 60% of the equity interests in Taishan Investment and 12.5% of the equity interests in Taishan Nuclear held by CGNPC in 2015. The final consideration of the acquisition was RMB9,612.2 million. Following the acquisition, a total of 51% of the equity interests in Taishan Nuclear were directly and indirectly held by us.

MAJOR DISPOSAL

CNPRI and CGN Capital Holdings Co., Ltd. (中廣核資本控股有限公司) (“**CGN Capital Holdings**”), a wholly-owned subsidiary of CGNPC, entered into a transfer agreement to dispose of 22.1% equity interests in Baoyin Company (“**Disposal Agreement**”) for a consideration of RMB358.2 million. The transaction has already been completed.

Saved for the acquisition and disposal project disclosed above, the Group had no other material acquisition or disposal regarding subsidiaries, associates and joint ventures for the year ended December 31, 2015.

USE OF PROCEEDS

The Company issued 10,148,750,000 H shares by way of global offering in December 2014 with net proceeds of RMB21,603.5 million (in equivalent) from the offering after deducting various issuance costs. As of December 31, 2015, the Company had used RMB19,763.3 million of the net proceeds for the purposes as set out in the Prospectus, representing 91.5% of the net proceeds from the offering.

Item	Movements RMB'000
Net of proceeds from the Listing	21,603,535
Less: Proceeds used	19,763,276
Among which: Acquisition of 60% of the equity interests in Taishan Investment and 12.5% of the equity interests in Taishan Nuclear	9,700,196
Capital expenditure for nuclear power stations under construction	8,663,900
Research and development activities	69,180
Replenishment of working capital	1,330,000
Proceeds unused as of December 31, 2015	1,840,259

Note: CGNPC refunded part of the paid consideration of RMB88.0 million to the Company in accordance with the Equity Transfer Agreement. The final consideration of the acquisition was approximately RMB9,612.2 million.

The remaining unused proceeds have been intended to be used mainly for research and development activities and overseas market exploration. The proceeds intended to be used for research and development activities are being progressively used according to the annual research and development plan of the Company. As the Company has not carried out any overseas projects, the proceeds intended to be used for overseas market exploration remain unused.

CONTINGENCIES

EXTERNAL GUARANTEES

In 2015, the Group had not provided any external guarantee.

PLEDGE OF ASSETS

As of December 31, 2015, the Group's assets (mainly property, plant and equipment) of RMB24,543.1 million in carrying value were pledged to banks and related parties to secure loans for the Group. As of December 31, 2014, the carrying value of the Group's assets pledged to banks and related parties was RMB20,762.8 million.

As of December 31, 2015 and 2014, the electricity tariff collection rights of Ling'ao Nuclear, Lingdong Nuclear, Yangjiang Nuclear and Taishan Nuclear were pledged to secure the banking facilities, loans from banks and related parties.

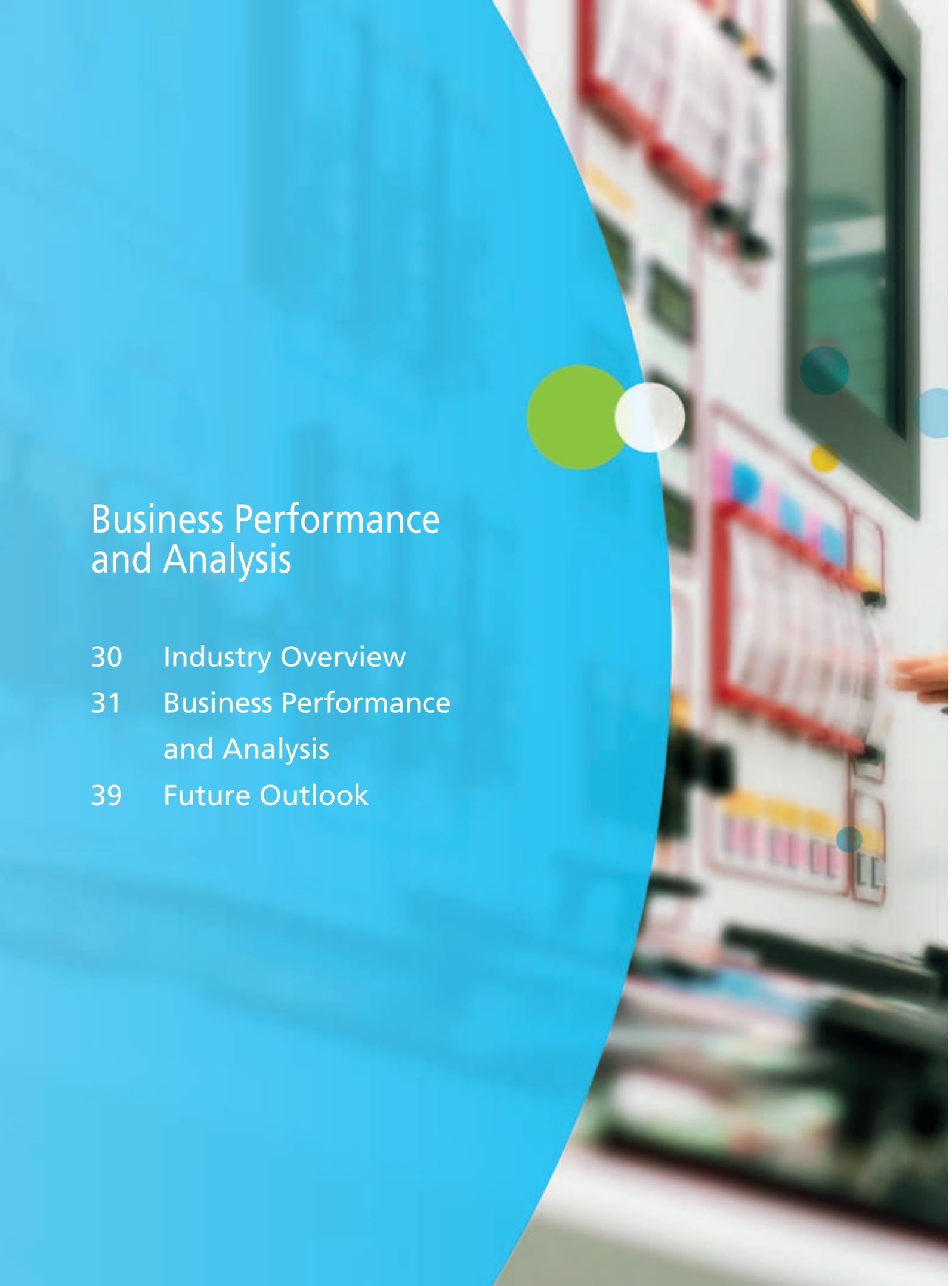
As of December 31, 2015, the Group's interest in Hongyanhe Nuclear was pledged to secure banking facilities of Hongyanhe Nuclear.

LEGAL PROCEEDINGS

In 2015, neither was there significant litigation, nor was the Group aware of any pending or threatened litigation against the Group which had or could have a material and adverse effect on the financial conditions or operations of the Group.

INVESTMENT DIRECTION

Based on the strategies and business development needs of the Company, the Company will finance the construction of nuclear power stations under construction according to investment schedules, continue to fund the technology improvement in nuclear power stations in operation, make continuous investment in the research, development and innovation of technologies, and fund the acquisitions of contingent assets in 2016. In addition, the Company will also carry out relevant investment activities at appropriate time by exercising its rights to acquire retained businesses as set out in the non-competition deed entered into between the Company and CGNPC, thereby laying a solid foundation for the Company's future development.



Business Performance and Analysis

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Industry Overview

On June 30, 2015, the PRC government officially published the program of intended nationally determined contributions/INDC, namely Enhances Action on Climate Change - China's Intended Nationally Determined Contributions (《強化應對氣候變化行動 - 中國國家自主貢獻》). On November 30, 2015, President Xi Jinping stressed again at the opening ceremony of the Conference of Climate Change in Paris that in 2030, the consumption of non-fossil energy would account for 20% of the total energy consumption in China and carbon dioxide emissions per unit of GDP would be reduced by 60% to 65% from 2005 levels. The promotion of low-carbon and recycling development as well as the safe and efficient use of nuclear power was proposed in the Recommendations from the Chinese Communist Party Central Committee regarding the Formulation of the 13th Five-Year Plan for National Economy and Social Development passed on October 29, 2015. China's energy growth model has entered a new normal status. To address the new normal status of energy and environmental protection that will become the future development tendency of energy, it is required to vigorously develop nuclear power and other clean energies, thus significant in the proportion of non-fossil energy consumption.

The drafting of the 13th five-year national nuclear power plan (2016-2020) is under progress. According to the forecast of the relevant government authorities, the nationwide installed capacity of nuclear power will reach 120 to 150 GW and the proportion of nuclear power generation will increase to 8% to 10% by 2030. Taking into consideration that the construction duration of a nuclear power unit usually lasts for 5 years, it is estimated that an average of 8 to 10 gigawatt-level nuclear power units will be required to commence construction in the following 10 to 15 years in order to achieve the preset goal for 2030. A total of 8 nuclear power units obtained project approval for construction in 2015, marking the highest number in the past 5 years. We believe the following 15 years will be the "period of opportunities" for the development of China's nuclear power.

A new round of Power Reform was launched in March 2015. In November, six supporting documents, including the Implementation Proposal for Promoting Power Transmission and Distribution Pricing Reform (《關於推進輸配電價改革的實施意見》) were published to specify the method of this round of Power Reform and to present the policy of ensuring the priority of power generation by clean energy generating units. The table below sets out the percentage of total installed generation capacity and proportion of power generated in the PRC by energy type as of December 31, 2015. As shown in the data, although the proportion of the use of nuclear power in the domestic energy structure remains relatively low, nuclear power has an advantage over other sources of energy in power generation when comparing the installed capacity to the proportion of power generated.

	Ratio of installed capacity by type of energy (%)		Ratio of generation capacity by type of energy (%)	
	2015	2014	2015	2014
Thermal power	65.7	67.4	73.1	75.2
Hydropower	21.2	22.2	19.9	19.2
Wind power	8.6	7.0	3.3	2.8
Nuclear power	1.7	1.5	3.0	2.3

Note: Data from 2016 National Supply and Demand of Electricity Analysis and Forecast Report of CEC and 2014 Power Industry Overview

Business Performance and Analysis

As of the end of 2015, we managed 14 nuclear power generating units in operation and 14 nuclear power generating units under construction (including the Fangchenggang Nuclear Power Project entrusted by the controlling shareholder). During the year, three new nuclear power generating units commenced commercial operation, including Yangjiang Unit 2, Ningde Unit 3 and Hongyanhe Unit 3.

The following analysis is based on the nuclear power generating units owned by the Group (excluding the nuclear power projects entrusted by the controlling shareholder).

As of December 31, 2015, the number and capacity of nuclear power generating units in operation and nuclear power generating units under construction are as follows:

		As at December 31, 2015	As at December 31, 2014	Growth rate
Nuclear power generating units in operation	Number	14	11	27.3%
	Capacity	14,918 MW	11,624 MW	28.3%
Nuclear power generating units under construction	Number	10	11	-9.1%
	Capacity	12,290 MW	13,346 MW	-7.9%

Nuclear Power Generating Units in Operation

Safe and stable operation of operating units is fundamental to nuclear power companies. In 2015, all nuclear power generating units in operation managed by us maintained safe and stable operation, with a total annual on-grid power generation of 88,346.94 GWh, representing an increase of 20.36% over 2014. In 2015, we continued to maintain our safety track record of having no incidents at level 2 or above of the INES (International Nuclear Events Scale ("INES") set by the International Atomic Energy Agency).

Business Performance and Analysis

The on-grid power generation figures (GWh) of our nuclear power stations for 2015 are as follows:

Name of nuclear power station	On-grid power generation from January to December 2015 (GWh)	On-grid power generation from January to December 2014 (GWh)	Change rate for the same period (%)
<i>From subsidiaries</i>	<i>57,529.93</i>	<i>52,176.06</i>	<i>10.26</i>
Daya Bay Nuclear Power Station	14,774.85	14,497.49	1.91
Ling'ao Nuclear Power Station	14,728.29	15,135.15	-2.69
Lingdong Nuclear Power Station	15,875.11	15,750.05	0.79
Yangjiang Nuclear Power Station ¹	12,151.68	6,793.37	78.88
<i>From joint ventures</i>			
Ningde Nuclear Power Station ²	18,225.59	10,801.74	68.73
<i>From associates</i>			
Hongyanhe Nuclear Power Station ³	12,591.41	10,423.84	20.79

Notes:

- 1 On-grid power generation of Yangjiang Nuclear Power Station increased by 78.88% for the same period, mainly due to the commencement of commercial operation of Yangjiang Unit 2 on June 5, 2015. Yangjiang Unit 1 commenced commercial operation on March 25, 2014. For details of other factors affecting the on-grid power generation, please refer to the analysis in the chapter headed "Operation Performance".
- 2 On-grid power generation of Ningde Nuclear Power Station increased by 68.73% for the same period, mainly due to the commencement of commercial operation of Ningde Unit 3 on June 10, 2015. Ningde Unit 2 commenced commercial operation on May 4, 2014. For details of other factors affecting the on-grid power generation, please refer to the analysis in the chapter headed "Operation Performance".
- 3 On-grid power generation of Hongyanhe Nuclear Power Station increased by 20.79% for the same period, mainly due to the commencement of commercial operation of Hongyanhe Unit 3 on August 16, 2015. Hongyanhe Unit 3 commenced commercial operation on May 13, 2014. For details of other factors affecting the on-grid power generation, please refer to the analysis in the chapter headed "Operation Performance".

Operation Performance

Capacity factor, load factor and average usage hours are the three indicators normally used by us to evaluate the use of nuclear power generating units, and they are mainly subject to the effects of refuelling outages for generating units. According to the arrangements of the annual outage plan, there are certain differences between the duration of refuelling outages for different generating units, and refuelling outages may be implemented across years, resulting in small differences between the duration of outages in different years with respect to the same type of refuelling outage for the same type of generating unit.

The details of the operation performance of generating units we operated and managed in 2015 are as follows:

Nuclear power station	Capacity factor (%)		Load factor (%)		Usage hours (hours)	
	2015	2014	2015	2014	2015	2014
<i>From subsidiaries</i>						
Daya Bay Unit 1 ¹	78.83	99.66	79.65	100.02	6,979	8,764
Daya Bay Unit 2 ²	98.65	75.58	99.30	75.62	8,700	6,625
Ling'ao Unit 1 ³	86.80	90.44	86.37	88.59	7,564	7,758
Ling'ao Unit 2 ⁴	93.64	94.55	91.01	93.46	7,970	8,184
Lingdong Unit 1 ⁵	90.10	89.42	88.90	87.88	7,781	7,692
Lingdong Unit 2 ⁶	90.29	90.31	88.69	88.35	7,762	7,733
Yangjiang Unit 1 ⁷	79.45	99.93	78.86	98.78	6,908	8,653
Yangjiang Unit 2	99.64	under construction	99.94	under construction	8,755	under construction
<i>From joint ventures</i>						
Ningde Unit 1 ⁸	87.16	57.31	85.93	56.70	7,527	4,967
Ningde Unit 2 ⁹	78.95	99.83	73.72	98.66	6,458	8,638
Ningde Unit 3	93.24	under construction	81.67	under construction	7,185	under construction
<i>From associates</i>						
Hongyanhe Unit 1 ¹⁰	87.75	71.48	82.57	67.17	7,233	5,881
Hongyanhe Unit 2 ¹¹	65.53	82.68	39.26	76.29	3,439	6,558
Hongyanhe Unit 3 ¹²	100.00	under construction	50.31	under construction	4,407	under construction

Notes:

- ¹ Daya Bay Unit 1 completed a 10-year outage in 2015 and did not conduct any outage in 2014.
- ² Daya Bay Unit 2 did not conduct any outage in 2015 and completed a 10-year outage in 2014.
- ³ Ling'ao Unit 1 completed a refuelling outage in 2015 and its duration was longer in 2015 compared with that of 2014.
- ⁴ Ling'ao Unit 2 completed a refuelling outage in 2015 and its duration was longer in 2015 compared with that of 2014.
- ⁵ Lingdong Unit 1 completed a refuelling outage in 2015 and its duration was longer in 2015 compared with that of 2014.
- ⁶ Lingdong Unit 2 completed a refuelling outage in 2015 and its duration in 2015 was essentially the same as that in 2014.
- ⁷ Yangjiang Unit 1 completed the first outage after commencement of operation in 2015 and its duration was longer, similar to that of a 10-year outage.
- ⁸ Ningde Unit 1 completed a refuelling outage in 2015 and its duration was shorter in 2015 compared with that of 2014.
- ⁹ Ningde Unit 2 completed the first outage after commencement of operation in 2015, and the duration of the first outage was longer, similar to that of a 10-year outage.
- ¹⁰ Hongyanhe Unit 1 completed a refuelling outage in 2015 and its duration was shorter in 2015 compared with that of 2014.
- ¹¹ Hongyanhe Unit 2 completed the first outage after commencement of operation in 2015. The duration of the first outage was longer, similar to that of a 10-year outage. Affected by the demand for electricity in northeast regions and heating period in winter, Hongyanhe Unit 2 temporarily operated at reduced load or was shut down for standby during some periods in 2015.
- ¹² Affected by the demand for electricity in northeast regions and heating period in winter, Hongyanhe Unit 3 temporarily operated at reduced load or was shut down for standby during certain periods in 2015.

Business Performance and Analysis

Based on the design of pressurised water reactor (“PWR”) nuclear power stations, the nuclear reactor of each unit in operation must be shut down and refuelled after a certain period of time. Taking the safety and economic considerations for nuclear power stations into account, nuclear power operators often make use of the refuelling period to intensively conduct preventive and corrective maintenance projects as well as various modifications projects, and this is usually referred to as refuelling outage by nuclear power stations. The refuelling intervals of our nuclear power stations are generally 12 to 18 months. According to the technical requirements for the operation of nuclear power stations, inspection, testing and maintenance for major equipment are required every ten years. Such activities will be conducted during the refuelling period of generating units, and this is usually referred to as 10-year outage by nuclear power stations. In addition to the refuelling outage and 10-year outage, the refuelling outage of new generating units conducted in the next year after commencement of operation is usually referred to as first outage.

During the outage period, we carry out inspection, maintenance and modifications for equipment with selectivity based on the requirements of nuclear power station preventive maintenance guidelines and in-service inspection guidelines as well as the experience on the operation of generating units to secure the safety of the units, improve the operating performance of the equipment, and ensure that the units would maintain good operating conditions in the next cycle according to the design requirements.

Considering the economic factors and arrangements for related works, refuelling outages period of nuclear power generating units are not fixed to every 12 to 18 months. In order to ensure the safe operation of the generating units, we usually take local power load fluctuations into account and communicate with local power grid companies to rationalize the refuelling outage plans for generating units. As the needs for inspection and maintenance projects are different, the duration of each refuelling outage is not identical. More inspection items are required for the first and 10-year outage, resulting in a longer inspection period compared to that of regular refuelling outage. According to the specific operating conditions of each generating unit, we continue to enhance and develop targeted refuelling outage plans, reasonably arrange inspection and maintenance projects, and actively adopt advanced technology to improve the efficiency of inspection and maintenance, in order to have good control over the duration of each refuelling outage on the premise of ensuring the quality of safety.

With an increasing number of generating units in operation, the annual frequency of refuelling outages increases rapidly and there have been multiple cases illustrating the substantial time-overlapping in the duration of outages. In March to May 2015, we carried out refuelling outages for a number of generating units located in the four nuclear power base areas of Daya Bay, Yangjiang, Ningde and Hongyanhe, with the concurrent implementation of four refuelling outages for over one month. Through exchanges with international counterparts, we have already been fully aware that the increase in the number of generating units in operation would inevitably lead to substantial time-overlapping in the duration of refuelling outages. Therefore, apart from continuing to shorten and optimize the duration of outages, we also need to focus on the training of personnel and reserve sufficient technical staff. In 2012, we began to implement management for outages in a professional and intensive manner, built a special management team for outages reinforced training and reservation of maintenance staff and related suppliers, and to be well prepared for concurrent refuelling outages in various base areas. In 2015, we successfully completed ten refuelling outages during the year, including one 10-year outage and three first outages, and ensured the safe operation of generating units through analysis on the critical paths of outages, reasonable deployment of outage staff for inspection and maintenance and other related measures.



Refuelling staff conducting status check of power generating units

In 2015, the total aggregate number of calendar days for refuelling outages was 480 days.

Note: In 2014, we carried out a total of seven refuelling outages for the 11 units in operation managed by us, including four 10-year outages or first outage, each of which is equivalent to a 10-year outage, and the total number of calendar days for refuelling outages was 373 days.

We continue to implement benchmarking with international counterparts. In 2015, when compared with the one-year value benchmark of performance indicators for PWR set by WANO in 2014, among our 14 nuclear power generating units in operation, 71.4% of the indicators achieved the world's top quartile level performance, and 66.1% of the indicators achieved the world's top decile level.

Environmental Performance

In 2015, we continued to improve radioactive waste management, optimize emissions discharge process and strictly comply with emission control standards. The radioactive waste management of the 14 generating units in operation managed by us has strictly complied with national laws and regulations, and has met the standards of the relevant technical specifications.

The following table sets forth the amounts and percentages of the various types of radioactive waste discharged at the nuclear power stations for the period indicated as a percentage of the national standards. The amounts of all of the radioactive substances discharged by all of our nuclear power stations were below the applicable PRC limits.

	Daya Bay Base Area (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station)		Yangjiang Nuclear Power Station		Ningde Nuclear Power Station		Hongyanhe Nuclear Power Station	
	2015	2014	2015	2014	2015	2014	2015	2014
Discharged liquid radioactive waste (radionuclides other than tritium) as a percentage of the national standards	0.21%	0.162%	0.5%	0.068%	0.24%	0.55%	0.47%	0.84%
Discharged gas radioactive waste (inert gases) as a percentage of the national standards	0.133%	0.133%	0.18%	0.127%	0.15%	0.53%	0.144%	0.176%
Solid radioactive waste (m ³)	317.6	367.2	24.4	0	149.6	100	183.1	125.8
Results of environmental monitoring	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal

Note: The main reason for changes in the data: the refueling outage plan is different for every unit, maintenance projects are different, Yangjiang Unit 2, Ningde Unit 3 and Hongyanhe Unit 3 were put into commercial operations in 2015.

Business Performance and Analysis

The Company is committed to minimizing radioactive waste by improving management practices and technical measures. In 2015, we completed the engineering modifications on the radioactive solid waste treatment system of Daya Bay Nuclear Power Station by replacing cement barrel containers with metal barrel containers to increase the inclusive rate of radioactive solid waste. Such modifications can reduce the volume of radioactive solid waste of each generating unit by about 7 to 10m³ each year.

The Ministry of Environmental Protection continuously monitored the air-absorbed rates in the periphery of our nuclear power generating units in operation in China. The monitoring data indicated that the air-absorbed rates fell within the fluctuation range of local background radiation levels.

Nuclear power is a clean energy source that contributes to energy saving and emissions reduction to the society. Our annual on-grid nuclear power generation in effect represented a reduction of approximately 28.30 million tons of standard coal consumption, approximately 69.70 million tons of CO₂ emissions, approximately 0.67 million tons of SO₂ emissions and approximately 0.44 million tons of NO_x emissions, with an equivalent effect of planting a forest of 0.19 million hectares.

Nuclear Power Generating Units under Construction

In March 2015, Hongyanhe Units 5 and 6 were approved by national authorities and construction work began on March 29, 2015 and July 24, 2015 respectively. As of December 31, 2015, we managed a total of 10 nuclear power generating units under construction (excluding those entrusted by the controlling shareholder), with one in the grid connection phase, three in the commissioning phase, three in the equipment installation phase and three in the civil construction phase.



The Aerial photograph of Daya Bay Nuclear Power Station

We control, supervise and manage aspects including the safety, quality, progress, investment, technology and environment of our construction projects, so as to ensure that the projects under construction comply with various regulatory requirements and facilitate safe, stable and economical operation of the units after commencement of commercial operations.

Nuclear Power Generating Units	Civil Construction Phase ¹	Equipment Installation Phase ²	Commissioning Phase ³	Grid Connection Phase ⁴	Expected Date of Commencement of Operation
<i>From subsidiaries</i>					
Yangjiang Unit 3 ⁵				√	First half of 2016
Yangjiang Unit 4		√			Second half of 2017
Yangjiang Unit 5		√			Second half of 2018
Yangjiang Unit 6	√				Second half of 2019
Taishan Unit 1			√		First half of 2017
Taishan Unit 2		√			Second half of 2017
<i>From joint ventures</i>					
Ningde Unit 4			√		Second half of 2016
<i>From associates</i>					
Hongyanhe Unit 4			√		First half of 2016
Hongyanhe Unit 5	√				Second half of 2020
Hongyanhe Unit 6	√				2021

Notes:

- 1 "Civil construction" refers to activities within the construction phase, particularly the construction of various buildings and structures in accordance with the applicable blueprints.
- 2 "Equipment installation" refers to the entire process of placing and installing equipment in right positions and equipment integration during the construction phase.
- 3 "Commissioning" refers to the process of operating the installed systems and equipment and confirming whether their performance fulfills the requirements of their design and the applicable standards. During this phase, the NNSA will issue an Approval for First Fuel Loading in Nuclear Power Plant (《核電廠首次裝料批准》) which allows the first fuel loading in a nuclear power generating unit for carrying out commissioning and trial runs of nuclear reactors.
- 4 "Grid connection" refers to the connection of a power generating unit's electricity transmission circuit to the electricity grid, and indicates that the power generating unit has the ability to transmit electricity from its internal systems.
- 5 Yangjiang Unit 3 commenced commercial operation on January 1, 2016.

As the date of commencement of operation may be affected by various factors including, among others, delivery delays, increase in the cost of key equipment and materials, delay in obtaining regulatory approvals, permits or licenses, unexpected engineering, environmental or geological problems, change of localisation ratio as well as the implementation of additional PRC regulatory and safety requirements for nuclear safety, the actual date of commencement of operation may be different from such expected date. We will disclose updated information pursuant to the relevant requirements from time to time.

Taking into account the excessive power surplus in 2015 resulting from lower power demand in northeast China, coupled with the impact of winter heating provision period in northeast China, we postponed the commencement date for the operation of Hongyanhe Unit 4 from the second half of 2015 to the first half of 2016. The fuel loading at Hongyanhe Unit 4 was completed on January 18, 2016, and the preparation for its commercial operation would be subsequently carried out by Hongyanhe Nuclear on schedule.

Business Performance and Analysis

Taishan Nuclear is the latest one to commence construction among units which use the third generation nuclear power technology of EPR technology across the world. Through drawing on the experience of EPR units which have commenced construction, strengthening arrangements and coordination in the course of construction, closely tracking procurement of major equipment and continuously enhancing constructing technology, Taishan Nuclear has become the first nuclear power generating units with the fastest progress which use EPR technology across the world at the end of 2015. As no nuclear power generating units which use EPR technology have been put into commercial operation across the world, the system integration and performance testing of such units have yet to be verified. After conducting a comprehensive evaluation on the subsequent engineering construction plan and relevant risks, we proactively adjusted the construction plan of the Taishan project. The estimated date of commencement of operation of Taishan Unit 1 and Taishan Unit 2 was rescheduled from the first half and the second half of 2016 to the first half and the second half of 2017 respectively. The cold functional test marks the commencement of full commission of the units. Taishan Unit 1 started the cold functional test on December 30, 2015 and completed it on January 27, 2016, becoming the first EPR unit to complete the test across the world, and the first domestic third generation nuclear power technology generating unit to complete the test. Subsequently, Taishan Nuclear will strengthen its cooperation with all parties participating in the construction, and spare no efforts in enhancing the construction and commissioning processes and their orderly articulation under the premise of ensuring the safety and quality of the project, so as to continue to advance the construction progress of the Taishan project.

Sales of Electricity

We derive substantially all of our revenue from the sales of electricity by our subsidiaries. We sell the electricity generated by our nuclear power stations based on electricity sales contracts. In 2015, the on-grid power generation of nuclear power stations controlled by us was 57,529.93 GWh and the sales revenue of electricity was RMB21,542.2 million, representing 92.6% of our total revenue for the same period.

According to the agreement entered into by Guangdong Nuclear Power Joint Venture Co., Ltd., GNIC and HKNIC on December 31, 2013 in respect of selling electricity to HKNIC, our Daya Bay Nuclear Power Station began to supply additionally approximately 10% of its annual on-grid electricity to HKNIC from the fourth quarter of 2014 to 2018 (the additional supply of annual on-grid electricity was only approximately 1% in 2014). Since 2015, the two units in Daya Bay Nuclear Power Station have been supplying 80% of their on-grid electricity to HKNIC.

In order to satisfy the public heating requirements in the northeast China in winter, our power grids increased the use of electricity from coal-fired cogeneration units. During certain periods in the first and fourth quarters of 2015, some units of Hongyanhe Nuclear temporarily operated at reduced load or was shut down for standby to meet the requirements of the power grids. We actively communicated and coordinated with relevant departments, local governments, and power-grid companies. Through the efforts of all parties, Hongyanhe Nuclear maintained the use of two units for on-grid electricity generation in most of the time in the winter of 2015, increasing the utilization rates of units to a certain extent.

The Company pays attention to the approval of tariffs of newly commenced units. We actively communicated with relevant departments by making preparations in advance to foster the timely approval of the on-grid tariffs of new units. On November 11, 2015, Fujian Provincial Price Bureau approved the on-grid tariffs of Ningde Unit 3 and Unit 4 as RMB0.43/kWh, which was in line with the benchmark tariff. On October 29, 2013, Liaoning Provincial Price Bureau approved the tariffs of Hongyanhe Unit 1 to Unit 4 at the same time. Therefore, Hongyanhe Unit 3 and Unit 4 shared the same tariffs with those of Hongyanhe Unit 1 and Unit 2 at RMB0.4142/kWh. In respect of the on-grid tariffs of Hongyanhe Unit 5 and Unit 6, we will continuously track the trend of the local tariffs, maintain communication with relevant departments, and set reasonable on-grid tariffs before the commencement of commercial operation of the units.

The on-grid tariffs of Taishan Nuclear have not yet been confirmed. The tariff plans of third generation nuclear power are determined by relevant departments of the State. We have made arrangements with the relevant authorities to conduct special studies in respect of the on-grid tariffs of Taishan Nuclear and put forward relevant suggestions so as to provide the references for the reasonable formulation of the on-grid tariffs of Taishan Nuclear subsequently, and we will continue to follow up with the tariff formulation process of the third generation nuclear power units.

Future Outlook

In the context of energy structure adjustment and the growing attention to environmental protection, the safe and efficient development of nuclear power will continue to be promoted nationwide, and therefore the following 15 years will be the opportunity period for the growth of nuclear power in China as well as for the Company, being the largest nuclear power operator in the PRC. The deepening of the reform of national power market and the changes in China's overall economic development will raise the new requirements for the operations and business of the Company. To address the need for adaptive adjustment of the existing operating model, we will adhere to our nuclear safety culture concept of integrity and transparency, our principle of "Safety First, Quality Foremost, Pursuit of Excellence" and our core value of "Doing Things Right in One Go".

In 2016, we plan to carry out the following tasks:

- We will push forward the construction of units as scheduled while guaranteeing the safety and quality. In addition to Yangjiang Unit 3 which was put into commercial operation on January 1, 2016 and Fangchenggang Unit 1 (entrusted by the controlling shareholder to manage), three units currently under construction (Hongyanhe Unit 4, Ningde Unit 4 and Fangchenggang Unit 2 (entrusted by the controlling shareholder to manage) are expected to commence commercial operation in 2016;
- We will ensure the safe and stable operation of the operating units, carry out 14 refuelling outages (including the units we managed and entrusted by the controlling shareholder), carry out analysis and research on regional power markets, coordinate power generation strategies, and enhance the electricity sales model, so as to achieve an increase in the on-grid power generation;
- We will continue to enhance internal management to control the construction cost of units under construction and the maintenance cost of units in operation;
- We will proactively engage in the electricity tariff determination by conducting in-depth analysis and providing reasonable pricing advice to the relevant authorities;
- We will continue with the research, development and application of the nuclear power technologies to strengthen our core competencies, and implement measures in relation to technological innovation and technical improvement to enhance the safety, availability and economy of generating units;
- We will mitigate risks arising from external changes by closely following up the change of economic and financial situation domestically and abroad, taking vigorous risk management measures and promptly formulating corresponding strategies as well as to acquire the retained businesses from the controlling shareholder when opportunities arise.



Capitals

- 42 Production Capital
- 50 Intellectual Capital
- 56 Human Capital
- 65 Financial Capital
- 72 Environmental Capital
- 75 Social and Relationship
Capital



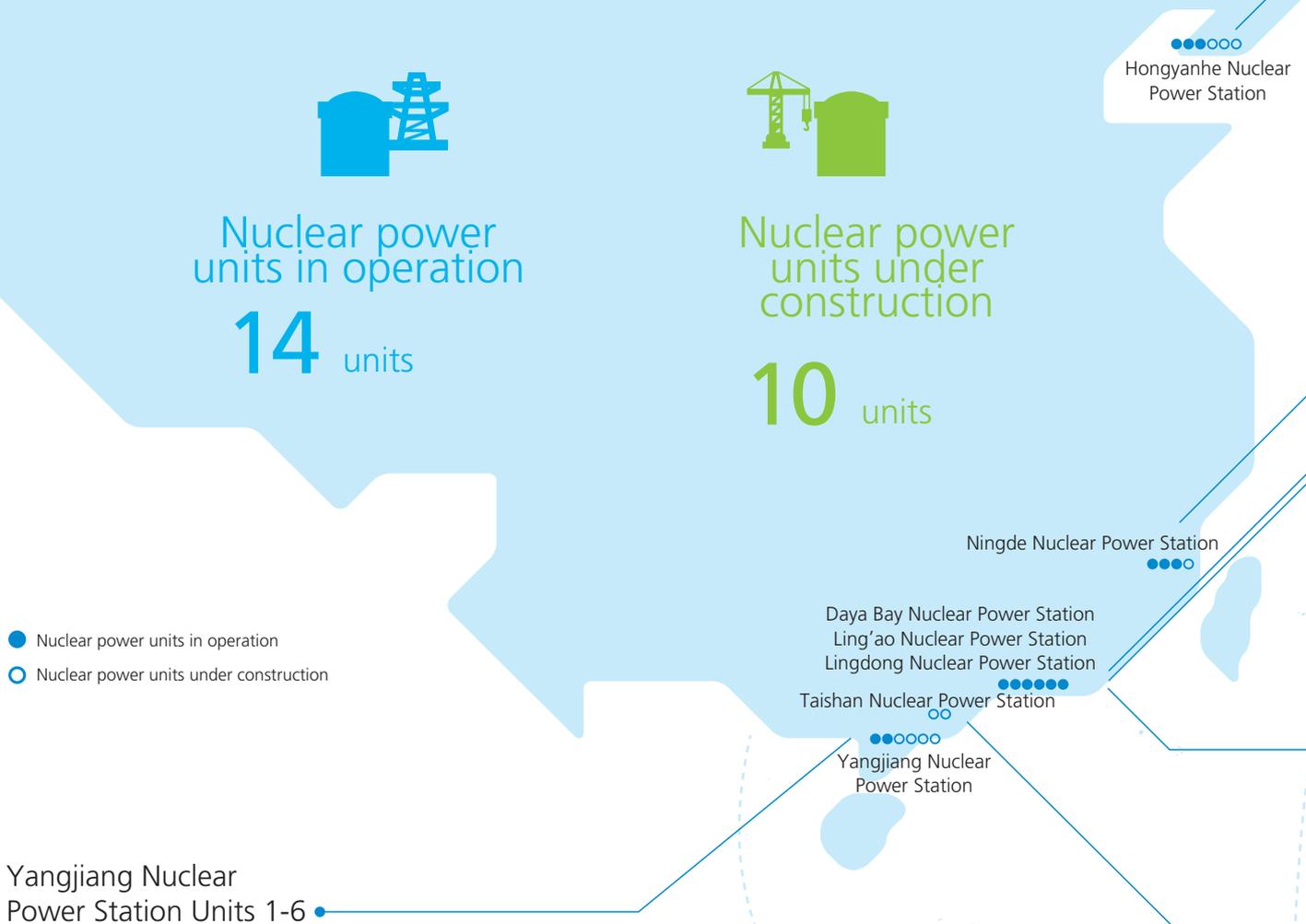


GD
DMMO

Production Capital

Our production capitals mainly represent the nuclear power generating units we invested in (including those in operation and under construction) and the continuous optimization of management strategies. With these capitals, we are able to supply stable and reliable electricity to customers.

As of December 31, 2015, we operated 14 nuclear power generating units with a total installed capacity of 14,918MW. We also managed the construction of 10 nuclear power generating units with a total installed capacity of 12,290MW.



Located in Yangjiang City of Guangdong Province, Yangjiang Nuclear Power Station has six nuclear power generating units. As of December 31, 2015, Units 1 and 2 were units in operation with a single-unit installed capacity of 1,086MW, while the rest of the units were still under construction. Units 1 to 4 of Yangjiang Nuclear Power Station use CPR1000 series technology, and Units 5 and 6 use ACPR1000 technology. Yangjiang Nuclear Power Station is a key energy development project under China's Eleventh Five-Year Plan, represents a major milestone in the development of nuclear power in the PRC in scale, series and standardization, and plays an important role in the localization of nuclear power equipment.

Units 1 to 6 of Hongyanhe Nuclear Power Station

Located in Dalian City of Liaoning Province, Hongyanhe Nuclear Power Station has six nuclear power generating units. As of December 31, 2015, units 1, 2 and 3 were units in operation with a single-unit installed capacity of 1,119MW, while Units 4, 5 and 6 were still under construction. Units 1 to 4 of Hongyanhe Nuclear Power Station use CPR1000 technology, while Units 5 and 6 use ACPR1000 technology. Hongyanhe Nuclear Power Station is the first nuclear power station put into commercial operations in Northeast China.

Units 1 to 4 of Ningde Nuclear Power Station

Located in Ningde City of Fujian Province, Ningde Nuclear Power Station has four nuclear power generating units. As of December 31, 2015, units 1, 2 and 3 were units in operation with a single-unit installed capacity of 1,089MW, while Unit 4 were still under construction. All four units use CPR1000 technology. Ningde Nuclear Power Station is the first nuclear power station that commences commercial operation in Fujian Province of China.

Units 1 and 2 of Daya Bay Nuclear Power Station

Located in Shenzhen City of Guangdong Province, Daya Bay Nuclear Power Station has two units both of which have a single-unit installed capacity of 984MW and using M310 technology. Daya Bay Nuclear Power Station is a large commercial PWR nuclear power station that was built in the PRC by utilizing foreign investments, advanced technology and management experience. Its first unit was put into commercial operation in February 1, 1994 and is the first commercial nuclear power unit that started commercial operation in the PRC.

Units 1 and 2 of Ling'ao Nuclear Power Station

Located in Shenzhen City, Guangdong Province, Ling'ao Nuclear Power Station is adjacent to Daya Bay Nuclear Power Station. It has two units both with a single-unit installed capacity of 990MW and using M310 technology. Ling'ao Nuclear Power Station is the second large-scale commercial nuclear power plants built in the Guangdong Province following Daya Bay Nuclear Power Station. Leveraging our experience gained in the construction of the Daya Bay Power Station, Ling'ao Power Station met international standards for nuclear power station operation design and construction with fully localized project management, construction and installation, commissioning and operations preparation and partially localized design and equipment.

Units 1 and 2 of Lingdong Nuclear Power Station

Located in Shenzhen City of Guangdong Province, Lingdong Nuclear Power Station is adjacent to Daya Bay Nuclear Power Station and Ling'ao Nuclear Power Station. It has two units both with a single-unit installed capacity of 1,087MW and using CPR1000 technology. Lingdong Nuclear Power Station is the third large-scale commercial nuclear power plants built in the Guangdong Province following Daya Bay Nuclear Power Station and Ling'ao Nuclear Power Station. It is a demonstration project for China's domestically developed modified CPR1000 gigawatt-level nuclear power technology, and is also China's first gigawatt-level nuclear power station designed, manufactured, constructed and operated in reliance upon China's domestic service providers and equipment suppliers.

Units 1 and 2 of Taishan Nuclear Power Station

Located in Taishan City of Guangdong Province, Taishan Nuclear Power Station has two units under construction both with a single-unit installed capacity of 1,750MW and using EPR technology.

Production Capital

Management Strategies

Since the Daya Bay Nuclear Power Station started operation, the Company has gone through the development stages from power plant to single base stage, and then from single base to multi-bases stage. Over the years, through implementation of benchmarking, we carried out multi-layered safety supervision and evaluation, promoted “specialization, centralization and standardization” of management, promoted safety culture and other measures to enable the Company to continuously adapt to new situations, thereby promoting our ongoing improvement in production performance. We herein mainly elaborated on the Company’s progress made on “specialization, centralization and standardization” of management and the major activities carried out by the Company on safety management.

Specialized, Centralized and Standardized Management

To maintain the safe and stable operation of mature units, ensure the safe and smooth operation of new units and achieve fast and consistent operation performance of all bases, the Company has implemented “specialized, centralized and standardized” management. We hereby report on the major progress made by the Company in “specialized, centralized and standardized” management in 2015.

As units under operation increased, refueling in each year increased as well, and many overhaul durations overlapped with each other. In 2012, we implemented specialized, centralized and standardized management, set up dedicated overhaul management team, strengthened cultivation and training of overhaul personnel and suppliers, so as to be well prepared for simultaneous refueling and overhaul in several bases. In 2015, under coordinated arrangement and centralized command of overhaul projects, as well as reasonable deployment of overhaul personnel, we formed a cooperative working mode with different power plants which are able to supplement each other, and we completed a total of 10 refuelings and overhauls smoothly.

Intensified procurement is under active construction in our spare parts center, and through sorting out and analysis of spare parts in all bases, we set up the centralized procurement list. As some of the spare parts were procured during construction of nuclear power stations, intensified procurement shall be carried out according to the centralized procurement list. In 2015, we purchased 86% of the spare parts in the list in a centralized manner, and saved purchasing costs by centralized procurement-based bargaining and optimization of purchasing channels. Meanwhile, based on the specialized, centralized and standardized management, through comprehensive analysis, we decided to build a strategic central depository of spare parts at both Daya Bay Nuclear Power Base and Yangjiang Nuclear Power Base. The strategic central depository of spare parts can effectively address the problem of lacking of reserve space for large-scale spare parts in each nuclear power base, thus realising centralized management of spare parts of the Company, reducing spare parts cost of each nuclear power base, and enhancing reserve rate of strategic spare parts.

By taking the lead with support from relevant departments, our operation standardization center formulated an operation standardization scheme and established the OPST (organization, procedures and processes, skills and knowledge and tools) model for key areas by benchmarking against peers in standardized operations and management, so as to realize four “unified”, i.e. unified organization and management system, unified skill standards and procedure and process system, unified post qualification and authorization and training system, as well as unified operation management tools.

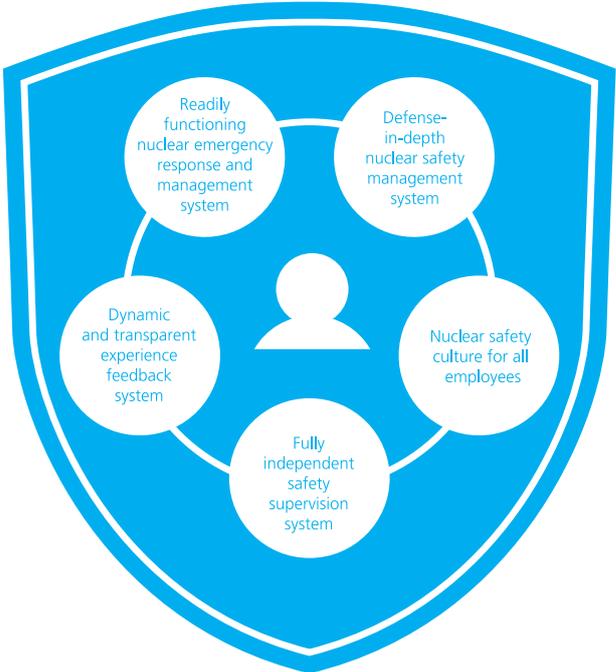
Safety Management

In the operations of nuclear power plants, we always put safety first, strictly abide by the national laws, regulations, guidelines and standards, and earnestly fulfill our commitment on safety, out of our conviction that “only a safe nuclear power plant can be economical”. The Company is committed to the safety construction with “demonstration by leaders, implementation by backbones, participation by all”, and set up a complete safety management system with defense-in-depth management principle, adopt dynamic and transparent experience feedback, carry out wholly independent safety supervision, establish emergency response and disposal mechanism under emergency conditions, so as to guarantee the safe, economic and reliable operation of our power plants and the safety of the society and public.

Our introduction herein will focus on the main progress of various aspects including the top-down nuclear safety culture for all, vigilant nuclear emergency response system and completely independent safety supervision system.

Top-down nuclear safety culture for all

We deeply held that safety culture needs the participation of all staff, and safety culture construction is a systematic work involving all. In order to continuously boost the overall safety culture inside the Company, to put into action the safety awareness and codes of conduct, and to raise awareness of vigilance, compliance, responsibility and integrity, and following the requirements under the “Nuclear Safety Culture Promotion and Implementation Campaign” launched by National Nuclear Security Board (“NNSA”), and considering the fact that we have a majority of young staff we organized a series of lively and invigorating activities, mainly including collection of micro-videos concerning good practices on safety culture, debate competition on safety culture, etc. to promote the understanding and acceptance of nuclear power safety concept by all staff. We conduct self-assessment of safety culture each year, and the assessment results show that through these activities, we enhanced employees’ safety awareness and behaviours and deepened employees’ understanding on safety culture.



Production Capital

Nuclear safety culture precautionary education is the education activity we carry out routinely every year. We carry out precautionary education activities at both corporate and departmental levels to highlight the significance of safety culture with vivid and real cases, seeking to create a corporate culture atmosphere of everyone talking about and promoting safety. In 2015, the Company and its affiliates completed their annual precautionary education activities on nuclear safety culture.

Each nuclear power plant continued to push forward with multi-year safety culture team building. According to different nature of work, we divided the safety culture team into four groups in charge of operation, maintenance, on-site non-operational work, off-site work respectively. Amid the safety culture team building, each group focuses its safety quality assessment on document recording, team activities, training and promotion, hazard identification, self-assessment and feedback with various safety and quality performances as assessment indicators, aiming to motivate grass-root staff to play a more active and self-conscious role in safety and quality management and hence improve our safety management.

On December 19, 2015, at the “Seminar for Full Implementation of the Safety Production Law & 2015 National Safety Culture Building” (深入貫徹落實安全生產法暨2015年度全國安全文化建設推進會) organized by the State Administration of Work Safety and China Corporate Culture Institute, DNMC was honored as “2015 National Model Enterprise for Safety Culture Building” (全國安全文化建設標桿企業).



Challenge on safety culture

Vigilant nuclear emergency response system

We have established a nuclear emergency response and rescue center according to the “specialized, centralized and standardized” management strategy in the emergency management field, with aims to realize the coordinated management of various emergency response forces from different facilities, establish the nuclear emergency response command and decision-making platform and command mechanism connecting and shared by the Company, each nuclear power plant’s emergency response command center and other divisions, strengthen the Company’s capacities in in-depth guidance, strong coordination and effective support for nuclear accidents, and comply with the latest requirements of regulatory authorities in respect of the Company’s emergency response to nuclear accidents.

Throughout the years, we have been implementing the mechanism under which emergency personnel are rotated with emergency duty 24 hours a day at each nuclear power plant managed by us. With the establishment of the nuclear emergency response and rescue center and based on our actual needs in management, we have set up the mechanism at the company-level for emergency personnel with 24-hour emergency duty while intensifying the interaction between the Company and each nuclear power plant to deploy various internal and external resources effectively, and providing necessary and timely guidance and support for accident handling. Such mechanism came into effect from April 1, 2015.

On June 26, 2015, we held the “Shendun-2015” national nuclear emergency joint drill, namely the Taishan Nuclear Power Plant indoor and outdoor joint drill prior to its first fuel loading at Taishan Nuclear Power Plant, which was the first joint drill for nuclear accident emergency response at the national level after the release of the new version of National Nuclear Emergency Program (《國家核應急預案》). On behalf of nuclear emergency response organizations at all levels, the National Coordinating Committee of Nuclear Accident Emergency Response, Guangdong provincial government and CGNPC (including us) participated in this drill.

On December 8, 2015, we organized a nuclear emergency joint drill involving multiple generating units and facilities at Daya Bay Nuclear Power Base. During the drill, Daya Bay Nuclear Power Base, Yangjiang Nuclear Power Base, Ningde Nuclear Power Base and Hongyanhe Nuclear Power Base all launched emergency response, and NNSA, National Energy Administration, the South China Nuclear and Radiation Safety Supervision Station of the Ministry of Environmental Protection took part in this drill. As the first nuclear emergency joint drill since the formal operation of the Company’s nuclear emergency response organization, this drill tested the operation of nuclear emergency response mechanism, and the Company’s ability to command, coordinate and deal with multiple generating units during a nuclear emergency. This drill has achieved expected goal, and obtained acknowledgement of external regulators.



A nuclear emergency drill involving multiple generating units and multiple bases

Production Capital

Carrying out Independent Nuclear Safety Supervision

We have set up a three-level safety supervision system. The first level represents the on-site safety supervision team led by nuclear safety engineers which effectively guarantees the safety of the nuclear power plants' daily production activities. The second level represents the safety management body whose fundamental duty is safety quality management for nuclear power plants. The body is to safeguard and supervise the organizational effectiveness of the safety management system. The third level represents the nuclear safety supervision assessment center which independently performs safety supervision over and makes safety assessment on each of the nuclear power plants.

Apart from internal supervision, we also receive independent supervision performed by NNSA and other authorities. In 2015, we received an aggregate of 25 regular safety inspections from NNSA. Details of the major inspection are as follows:

Base	Major inspection item	Total number of inspections
Daya Bay Base (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station)	Mainly targeting the inspection before the criticality of overhaul for generating units, specific inspection for the monitoring system of containment leakage, specific inspection for emergency diesel system and safety inspection for nuclear and radiation, etc.	5
Yangjiang Base	Mainly targeting the inspection for nuclear safety before the criticality of Yangjiang Unit 1, control point release during the start-up of Yangjiang Unit 2, inspection for the on-site comprehensive emergency drill before the first fueling of Yangjiang Unit 3, regular nuclear safety inspection before the welding of the first slit of the main pipe of Yangjiang Unit 4 and control point inspection before the dome lifting of Yangjiang Unit 5, etc.	8
Taishan Base	Mainly targeting the release of control point before the cold testing of Taishan Unit 1	1
Ningde Base	Mainly targeting the control point inspection after the criticality of overhaul for Ningde Units 1 and 2, control point inspection before the first criticality of Ningde Unit 3 and control point release before the cold commissioning of Ningde Unit 4, etc.	7
Hongyanhe Base	Mainly targeting the control point inspection during the criticality after the overhaul for Hongyanhe Unit 1, commissioning inspection of Hongyanhe Unit 4 and nuclear safety inspection	4

Moreover, we regularly organize and invite international peers to conduct safety assessments on our nuclear power plants. In 2015, we invited World Association of Nuclear Operators (WANO) to make six assessments on and return visits to the nuclear power plants operated and managed by us, mainly involving supervision over operation teams, decision-making and critical mentality on organization and management, fire load control, combustible storage and management of fire-fighting equipment.

Being a member of WANO, we are going to receive CPR (Corporate Peer Review) from WANO in June 2016. As the company was founded not long, in order to locate problems and rectify them in an early manner, we invited WANO Paris Centre to carry out pre-review in November 2015.

Safety Performance

According to the International Nuclear Events Scale (“INES”) (《國際核事件分級表》) set by the International Atomic Energy Agency (“IAEA”), in 2015, the nuclear power plants we operated and managed have maintained our all-time good safety record of zero nuclear incident at level 2 or above.

All of the 25 regular safety inspections we received from NNSA enjoyed good assessment results.

Base or Nuclear Power Station	Events	
	2015	2014
Daya Bay Base (including Daya Bay Nuclear Power Station, Ling’ao Nuclear Power Station and Lingdong Nuclear Power Station)	1	4
Yangjiang Nuclear Power Station	1	0
Ningde Nuclear Power Station	4	6
Hongyanhe Nuclear Power Station	3	1



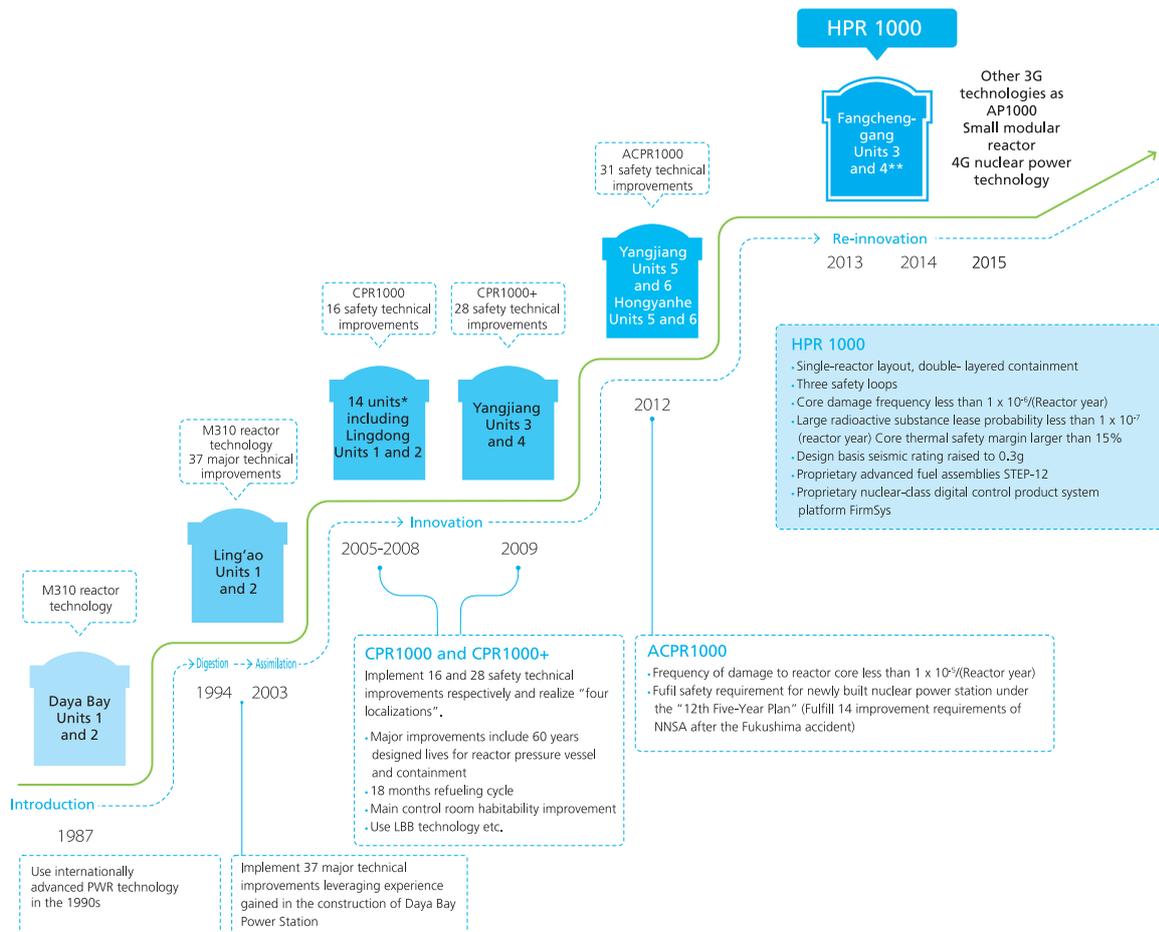
NNSA carried out the control point nuclear safety inspection before the cold functional experiment of Unit 1 of Taishan Nuclear Power Plant

Intellectual Capital

Strong technical foundation and R&D capabilities are among the core resources for our sustainable development. We always focus on the research and development of technologies that improve nuclear power plant performance to enhance our competitiveness and growth.

Selection and Development of Nuclear Technologies

We focus on the development of PWR technology. Since the construction of Daya Bay Nuclear Power Station in 1980s, we have persisted in the path of "Introduction, Digestion, Assimilation and Innovation" ("引进、消化、吸收、创新"), and have consistently improved our R&D capabilities. On the foundation of the M310 reactor technology used by Daya Bay Nuclear Power Station, we worked with CGNPC in implementing a series of major technological improvements (including 16 safety technology improvements) to create the second-generation improved CPR1000 series nuclear power technology with own brand. By reference to the latest international safety standards and feedbacks of the latest experience, we have implemented 31 safety technical improvements on the foundation of the CPR1000 technology to develop and create the ACPR1000 technology which has the features of third generation nuclear power technology.



* Including Lingdong Units 1 and 2, Hongyanhe Units 1-4, Ningde Units 1-4, Yangjiang Units 1 and 2 and Fangchenggang Units 1 and 2 (entrusted by the controlling shareholder)

** Entrusted by the controlling shareholder

China has made it clear that the third generation nuclear power technology will be the main stream in the future nuclear power projects. Taishan Nuclear Power Station has adopted EPR technology, and we are tracking the application of AP1000 and cultivating relevant capabilities.

We participated in the research and development of the third generation nuclear power technology HPR 1000 with proprietary intellectual property rights. HPR 1000 is a gigawatt-level third-generation nuclear power technology of proprietary intellectual property developed on the basis of experience, technology and talents from China's nuclear power design, construction, operation and development for the past three decades. HPR 1000 adopts the highest international safety standards, which satisfies China's latest nuclear safety regulations. Its safety and economic indicators have all reached the international advanced level. Compared with other three generations of nuclear power technologies. HPR1000 enjoys sufficient competitiveness on safety and economy aspects. The independent development of HPR 1000 has laid the technical foundation for subsequent nuclear power development of the Company. On December 24, 2015, Fangchenggang Unit 3 (entrusted by the controlling shareholder to manage), which adopted the technology of HPR 1000 officially commenced construction.

We have also been independently developing marine small modular reactors ACPR50S for nuclear power plant which feature superior safety, have various modules and multiple functions and are more economically competitive as compared with conventional marine energy sources. Such reactors can be used for the joint supply of thermal, power and freshwater for the development of marine resources, and the energy supply and emergency support for sea islands and areas along the coast and river, and have become an important choice for distributed marine integrated energy systems. The National Development and Reform Commission has agreed to include the ACPR50S marine nuclear power platform into the "Thirteenth Five-Year Plan" of energy technological innovation. We are conducting the preliminary design of the ACPR50S small modular reactor demonstration project.

We are closely monitoring the latest development of the fourth generation reactor technology at home and abroad, and have been proactively participating in the research and development of the relevant technologies.



Fangchenggang Unit 3 adopted HPR 1000 commenced construction

Independent R&D Platform

We have two independent R&D institutions, namely CNPRI and Suzhou Nuclear Power Research Institute, and have established our R&D systems. We own four national R&D centers, namely the National Energy NPP Nuclear Grade Equipment R&D Center, the National Energy Advanced Nuclear Fuel Component R&D (Experiment) Center, the National Energy NPP Operation and Life Management R&D Center, and the National NPP Safety and Reliability Engineering Technology R&D Center. We have also established a number of large laboratories of advanced level within the industry including thermal hydraulics and safety experimental center, material performance analysis laboratory and inaccessible equipment laboratory. We have more than 2,000 R&D staff, representing an increase of approximately 400 R&D staff over 2014.

Intellectual Capital



National Energy NPP Nuclear Classified Equipment R&D Center

Approved in 2009 and constructed by CNPRI. Its core competencies are provision of modification services to power stations in operation and the design and manufacturing of nuclear power equipment.



National Energy Advanced Nuclear Fuel Component R&D (Experiment) Center

Approved in 2010 and constructed by CNPRI. Its core competencies are the R&D and design of fuels, fuel performance analysis, fuel test verification, zirconium alloy development, fuel assembly poolside inspection techniques and fuel management research.



National Energy NPP Operation and Life Management R&D Center

Approved in 2010 and constructed by the Suzhou Nuclear Power Research Institute. Its core competencies are the studies on policies, regulations and standard systems, life evaluation techniques, life cycle economic analysis techniques, major equipment replacement techniques, condition monitoring and in-service inspection techniques, and assessment techniques for environmental impact of regular and extended life cycles.



National NPP Safety and Reliability Engineering Technology R&D Center

Approved in 2011 and constructed by the Suzhou Nuclear Power Research Institute. Its core competencies are nuclear safety analysis and evaluation techniques, nuclear power plant environmental impact analysis and emergency response techniques, techniques for ensuring reliability of critical equipment, reliability testing and maintenance optimization techniques as well as nuclear power plant life evaluation and management techniques.

Research and Development of Key Technologies

Relying on the above-mentioned R&D platforms, we continue to study and solve key technical issues in the operation of power plants, and continuously improve the safety, reliability and economy of units in operation. We have also promoted part of the key technologies to markets outside of CGNPC, thus increasing our business opportunities.

We have successfully developed an array of technical innovations, and introduced some of them in the report of 2014, including simulator for NPP teaching and learning, nuclear fuel storage system, control rod system for 1000MW-class nuclear power plants, emergency diesel generator and 18-month refueling technology. All these innovations have been applied successfully. We continue to introduce some of the major technologies recently applied as follows.

Technology/device	Technical description	Benefits
<p data-bbox="186 334 518 398">Stud tensioner for reactor pressure vessels</p> 	<ul data-bbox="614 334 1228 851" style="list-style-type: none"> • The dedicated device for opening/closing head cover of a reactor pressure vessel functions vitally by synchronized pulling of all the main bolts, i.e. unscrewing/screwing the main nuts to indirectly screw up/screw down the main bolts while guaranteeing the sealability of the pressure vessel. The whole process is time-saving, efficient and economical. • As a breakthrough from localization bottlenecks with 100% owned intellectual property rights, its key performance indicators have reached and partially surpassed those of similar foreign advanced products. • Applied in the Fangchenggang generating unit 2 entrusted by the controlling shareholder. 	<p data-bbox="1241 334 1428 441">Improvement of economic efficiency</p>
<p data-bbox="186 873 598 937">Intelligent robot for maintenance of nuclear fuel assembly</p> 	<ul data-bbox="614 873 1228 1325" style="list-style-type: none"> • Be able to detect and locate the fuel assembly defect, replace single-rod of fuel assembly, and repair fuel assembly framework. • Independently and domestically developed, its overall performance indicators have well reached international advanced technical level. Its application reduces the difficulties in storage and disposal of damaged fuel assembly, and improves utilization of fuel assembly. • Certain devices have been used for single-rod replacement of fuel assemblies at the Daya Bay Nuclear Power Plant and Ningde Nuclear Power Plant. 	<p data-bbox="1241 873 1428 980">Improvement of economic efficiency</p>
<p data-bbox="186 1347 598 1519">Double-spiral agitator and automatic capping and uncapping device (key equipment for cement solidification lines)</p>	<ul data-bbox="614 1347 1228 1821" style="list-style-type: none"> • The double-spiral agitator applicable to waste solidification, delivers high-performance cement formulations and increases the barreling rate to approximately 95% (vs. the highest domestic barreling rate of 92.5% at Ling-ao Phase II) by using new-type spiral blades and structural design to avoid the clinging of cement paste. The automatic capping and uncapping device reduces labor intensity and exposure to radiation by fully-automated operation. • With 100% owned intellectual property rights is applicable to various reactor types including CPR1000, AP1000, EPR and ACPR1000+. • Applied at Daya Bay Nuclear Power Plant. 	<p data-bbox="1241 1347 1428 1649">Improvement of economic efficiency and reliability of equipment operation; reduction in exposure to radiation</p>

Intellectual Capital

Technology/device	Technical description	Benefits
<p>Evaporation tower and degassing tower for boron recycling systems of nuclear power plants</p> 	<ul style="list-style-type: none"> The degassing tower and the evaporation tower are the key components for boron recycle system. The degassing tower is to degas the dissolved gas in coolant, and the evaporation tower to desparate boron and water in primary loop, so as to achieve recycling of coolant in primary loop. Certain indicators excelled foreign products with performances reaching international advanced level. The performance indicators and reliability totally satisfy operational requirements of nuclear power plants. Applied in the degassing towers and evaporators of the TEP systems of Hongyanhe generating units 5 & 6, and evaporation equipment of the TEU systems of Yangjiang generating units 5 & 6 and Hongyanhe generating units 5 & 6. 	<p>Improvement of economic efficiency and reliability of equipment operation</p>
<p>Robot for non-destructive examination of reactor pressure vessels at 1000MW-class nuclear power plant</p> 	<ul style="list-style-type: none"> It enables pre-operation and in-operation examination of CPR and EPR nuclear power units, among others. It allows for thorough scanning of head welds and heat-affected zones of reactor pressure vessels, thus effectively eliminating blind spots. It is equipped with self-developed video surveillance and communication software for ultrasonic examination of reactor pressure vessels to provide video and audio service to people in and out of the working areas. It also equipped with dual-back inspection arm system, to increase back-up for testing facilities and enhance stability, reliability and safety of non-destructive inspection. Featuring innovative technologies covering structural design, circuit design, three-dimensional software development, examination methods and system integration with 100% owned intellectual property rights, the overall performance indicators reached international advanced level. Applied in pre-operation and in-operation examination of generating units of nuclear power plants in Ling-ao, Hongyanhe, Ningde, Yangjiang and Taishan. 	<p>Improvement of economic efficiency and safety; reduction in exposure to radiation</p>

Apart from the foregoing key technologies, we also made major progress in the development of proprietary nuclear fuel assembly. Our proprietary advanced nuclear fuel assembly STEP-12, a self-owned intellectual property, was granted a reactor entry license by NNSA in November 2015 and loaded into the reactor core of Lingdong generating unit 1 on 14 February 2016 for commercial reactor radiation test. Its application reduces the costs of key components of nuclear fuel assembly and enhances fuel efficiency and safety allowance of nuclear fuel assembly, allowing more flexible fuel management solutions to improve utilization of generating units and economic efficiency of nuclear power.

Intellectual Property Rights

Technical improvements and innovations can enhance the operation and safety standards of nuclear power plants, and at the same time we also pay attention to acquire intellectual property rights accordingly during the course of technology research and development.

Statistics of our intellectual property rights from 2011 to 2015

Year	Patent (Item)						Authorship Registration (Item)		
	Patent Application			Patent Licensing			Software	Others	
	Invention	Utility Model	Design	Invention	Utility Model	Design			
2011	68	56	1	24	49	0	46	12	
2012	88	76	1	48	59	1	59	0	
2013	127	124	0	35	95	1	45	1	
2014	174	129	0	33	168	0	32	4	
2015	167	117	0	47	133	0	73	0	
Total	624	502	2	187	504	2	255	17	

Human Capital

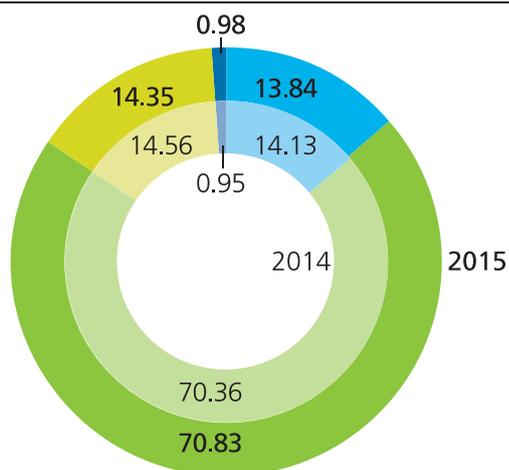
To own a team of sufficiently competent and experienced employee is the most valuable treasure of the Company. We always pay attention to the reasonable use and maintaining of the human resources, and continuously improve development and management system of human resources, as well as cultivate a talent team with excellent management and technical staff.

Talent Force

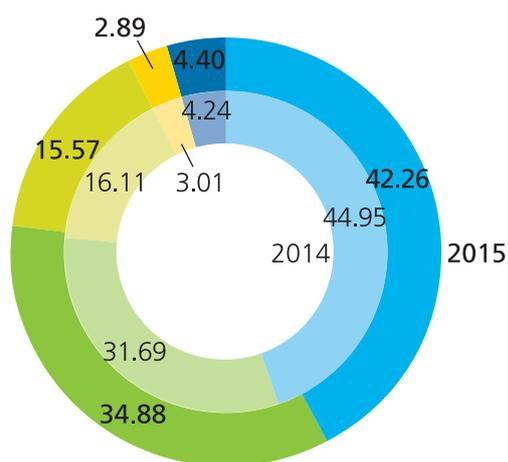
Since the completion of the acquisition of Taishan Nuclear and the construction of new nuclear generating units, at the end of 2015, we had 11,787 employees (including our affiliated companies), representing an increase of 21.3% as compared to 2014.

Employee structure

Degree expressed as a percentage of total number of employee (%)



Age expressed as a percentage of total number of employees (%)



- College and below
- Bachelor's degree
- Master's degree
- Doctor's degree

- 28 and below
- 29-35
- 36-45
- 46-49
- 50 and above

Functions	Number of employees (As of December 31, 2015)	Number of employees (As of December 31, 2014)
Administrative staff	915	808
Technical staff	10,872	8,909
Total	11,787	9,717

Recruitment of talents

To meet the need of the Company's future development, safeguard a reasonable structure of our talent force and make adequate talents available, the Company has formulated a human resources plan to recruit talents through a combination of on-campus recruitment and general hiring.

In 2015, the Company recruited a total of 1,014 excellent talents, among whom, 834 were recruited through on-campus recruitment and 180 through general hiring. Considering the potential demand of international projects, the Company launched overseas recruitment of students studying abroad for the first time in 2015, to make preparation for overseas projects in advance.

Staff Management

Development paths

We respect the contribution made by each employee, attend to the career development of employees, and encourage employees to develop individual career development plan under the guidance and assistance of the Company. We offer two career development paths for management and high-caliber professionals, and have established mechanisms for conversion between the two paths that employees can achieve their own career development through the two paths according to their competence, potential and characters.

Internal market

The Company encourages employees to concentrate on their own positions to master professional skills, becoming experienced professionals. Therefore, the Company does not encourage employees to swap their jobs too frequently. However, to realize more reasonably use of internal human resources, we have established an internal talent market to realize optimal allocation of employees and better suit the development wishes of employees through participation in open recruitment or deployment.

In 2015, we set up a standardized service platform for the communication and development of talents which can be shared within the Company. As of 31 December 2015, around 424 employees switched to more suitable positions through competition or deployment in internal talent market.

Appraisal system

The Company is committed to the creation of a high performance organization. We improve employee organizational performance through attention to enhancement of abilities, performance achievement and development of employees to ensure achievement of all objectives of the Company and promote the joint development of the Company with its employees. Through devising performance plan, we put our organization goals into actions of employee, and carry out communication, counseling, follow-up and assessment during the course of the implementation of the plan to finally achieve the expected performance results, which will be used for consideration of performance bonuses, post adjustment, training and development as well as term assessment.

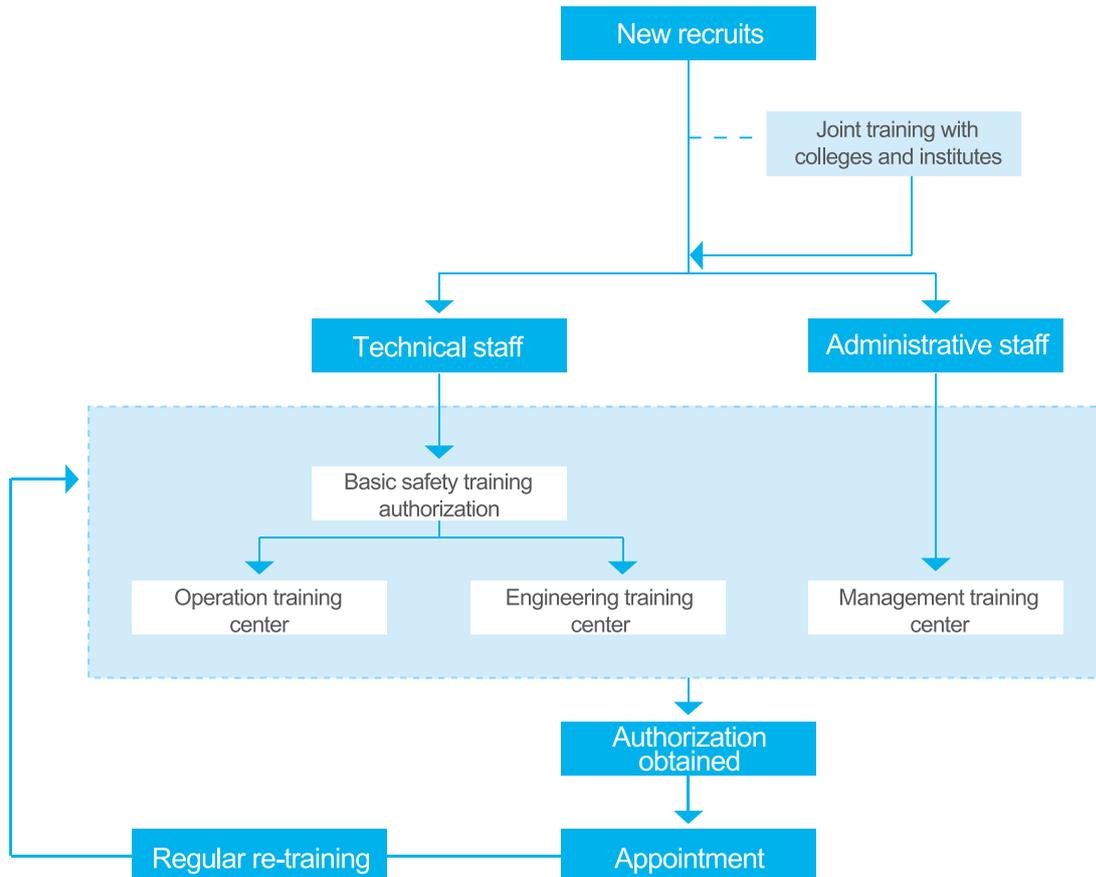
Personnel Training

With the rapid development of our businesses, the Company not only guaranteed the stable growth of the number of employees, but also enhanced the working skills of our employees. Adhering to the core concept of "entire staff training, authorized employment and life-long education" and through implementing international advanced experience in personnel training, combined with our development characteristics, we have developed our personnel training system as well as standardized and efficient training management system. We possess a group of experienced and qualified teaching staff, comprehensive curriculum and large-scale training facilities, and actively promote standardized and regulated personnel training for nuclear power operations, which has effectively met the needs of personnel training for the rapid development of the Company, and has equipped the Company with the core competencies of adapting to specialized, scale and market-oriented nuclear personnel training. In 2015, in order to enable new employees to rapidly improve their abilities and ensure the consolidation and enhancement of the working skills of the Company's existing employees, the Company increased the training hours of employees, with the average training hours per employee increasing by 8.37% as compared with 2014.

Human Capital

Personnel Training System

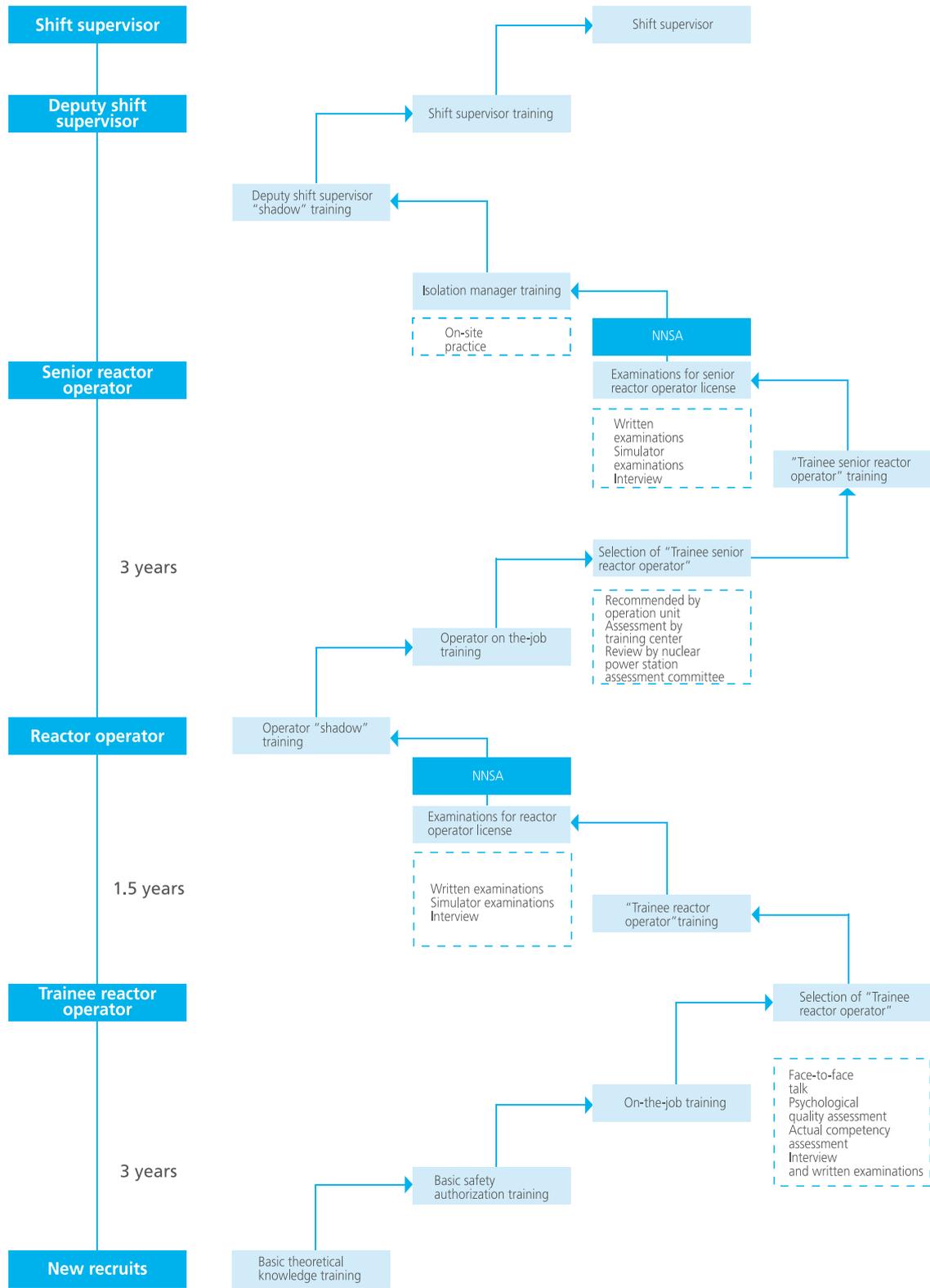
The Company entered into personnel training cooperation agreements with a number of universities in China, pursuant to which some of the new employees study more than 10 specialization courses on nuclear power during their university education. The Company has nuclear power operation training center, nuclear power engineering training center and management training center, with “training, assessment, authorization, appointment” as the basic procedures, which have formed the training system for all employees.



Nuclear power reactor operators are the key technical staff in nuclear power station. According to the relevant requirement of the Regulations of the People’s Republic of China on the Safety Supervision and Administration of Civil Nuclear Facilities (《中華人民共和國民用核設施安全監督管理條例》), operators should hold “Reactor Operator License”, shift supervisors should hold “Senior Reactor Operator License”, while the qualification of operators and senior operators is confirmed through systematic assessment of abilities which are supervised by the NNSA before licensing.

While nurturing the nuclear power reactor operator for the second generation modified CPR1000 nuclear power technologies, we also strengthened the nurturing of talents for the third generation nuclear power technologies such as Hualong 1, EPR and AP1000. The diagram below shows our training process for reactor operators.

The chart below shows the training process of nuclear power reactor operators.



Note: Operator licence holders are entitled to operate nuclear power control systems, and senior operators are entitled to operate, guide or instruct or supervise the operation on nuclear power control systems by others.

Human Capital

Training Resources

As there might be many potential major risks in nuclear power units operation, we have to prepare corresponding training equipment to equip employees with proficient operation skills before their hands-on operation. For example, to cultivate reactor operators, we maintain the 1:1 simulator with the main control room, and for different purposes, we have main simulators of full-scope simulators, simulators for principles, simulators for functions and simulators for accident analysis.

As of the end of 2015, the simulators of all bases are as follows:

	Full-scope simulator (piece)	Simulator for principles (piece)	Simulator for functions (piece)	Simulator for accident analysis (piece)	Simulator for serious accident analysis (piece)
Daya Bay base	4	2	1	1	1
Yangjiang base	2				
Taishan base	1				
Ningde base	1				
Hongyanhe base	2			1	
Fangchenggang base (as entrusted by the controlling shareholder)	1				

For maintenance techniques training, we have 50 skills training rooms (including the training facilities for fuel operation) with a total area of about 12,000 square meters, covering all maintenance areas and skills, which can carry out more than 100 training items. In February 2014, the nuclear fuel operation training center was officially launched. With a total construction area of about 5,700 square meters, the training center is the first in China to realize training of nuclear fuel operators through simulating real situation and qualification examination certification, which filled in the talent shortage in China and in 2015, 53 fuel operators were trained up including 24 fuel operators trained up for external units for the first time.

As of the end of 2015, the Company had a total of more than 7,000 face-to-face training courses, which satisfied the needs of business development of the Company at present. In 2015, to reduce training cost and diversify training to front-line employees of the nuclear power plant, we upgraded our training platform to incorporate mobile-end courses and more than 1,500 web-based training courses. Through learning and application of the above courses, the employees achieved self-improvement in knowledge and ability. We hereby would like to highlight the “security analysis training of shift supervisors and security staff”, which caters to intern shift supervisors and security staff as well as authorized shift supervisors and security staff, advanced model unit instructor and operation-related managers. As the eight-hour operation shift supervisors, shift supervisors are primarily responsible for the nuclear security of the unit. Security technical advisor conducts nuclear security surveillance and independent evaluation on the daily maintenance of the units according to operating specification, nuclear safety requirements and objectives so as to make sure that core reactor meets safety standards. In case of security emergencies in the nuclear power plant, the shift supervisor and security technical advisor on duty will act as the primary decision-makers in the three-level decision-making system. The course may enhance the analysis capabilities of the shift supervisors and security staff to be authorized and help broaden their view, accumulate experience and achieve inheritance. It is conducive for solving actual problems as well as improving analysis capabilities of the shift supervisor and security staff.

We encourage our employees to share their accumulated experience by acting as part-time teachers to enrich our training resources. Currently, we have 2,111 part-time teachers. In 2015, the average teaching hours of management cadres was 7.9 hours.



The Company continued to launch on-the-job training for management and employees

Forms of Training

We launch various trainings every year, including getting employee skill competition more scientific, standardized and professional by continuously innovating on competition pattern, raising competition level and widening technology communication channels. In 2015, various companies carried out more than 610 skill competitions at the grass-roots level with a total of 27,000 participations. The extensive skill competitions created a profound learning environment where the employees can “compare with, learn from, catch up with, help and exceed” each other.

Achievement of Talent Cultivation

With reference to our man-power allocation of operators in the nuclear power stations, the number of our operators holding valid licenses can satisfy nearly 40 nuclear power generating units for their operation at the same time. As of December 31, 2015, the Company (including affiliated companies) had 405 reactor operators holding valid licenses and 444 senior reactor operators, of which a total of 138 and 106 licenses for operators and senior operators, respectively, were obtained by employees of the Company (including affiliated companies) in 2015.

In 2015, the Company had a total of 29 employees obtained the fuel operator licenses after they had participated in training and passed the certification examination.

Human Capital

Remuneration System

Remuneration as returns to employees for their performance of duties and creation of values is the most fundamental reflection of their values. We use employees' duties, capacities and performance as the basic standards to assess their values.

Pursuant to the national laws and regulations and in light of the industry characteristics, the Company has established a competitive and ongoing strategy-driven remuneration management system to specify the concept of creating values and stimulate employees' potential. The remuneration system is mainly in the form of position-based wage system, under which the Company implements the "remuneration changes with position" policy and determines employees' remuneration level based on their duties and capabilities (skills) in the principle of "remuneration based on duties and capabilities, remuneration based on performance, and adjustment based on capabilities and performance". The

Company has also established a performance-linked remuneration system under which the performance bonus is adjusted based on the performance of employees.

The Company has established a long-term share appreciation rights scheme to enhance its attractiveness to key talents and create more value for shareholders. According to the H Shares Appreciation Rights ("Shares Appreciation Rights") Scheme ("Scheme") as approved at the 2014 annual general meeting, the Board approved the initial grant of the Share Appreciation Rights in 2015. Since the Scheme does not involve the grant of any new share or share option over other new securities to be issued by the Company (or any of its subsidiaries), it does not fall within the ambit of, and is not subject to, the regulations of Chapter 17 of the Listing Rules of the Hong Kong Stock Exchange. Please refer to Note 46 of the consolidated financial statements in the Annual Report for details of the first grant of the Shares Appreciation Rights.

The initial grant and exercise status of the Share Appreciation Rights for the directors and senior management

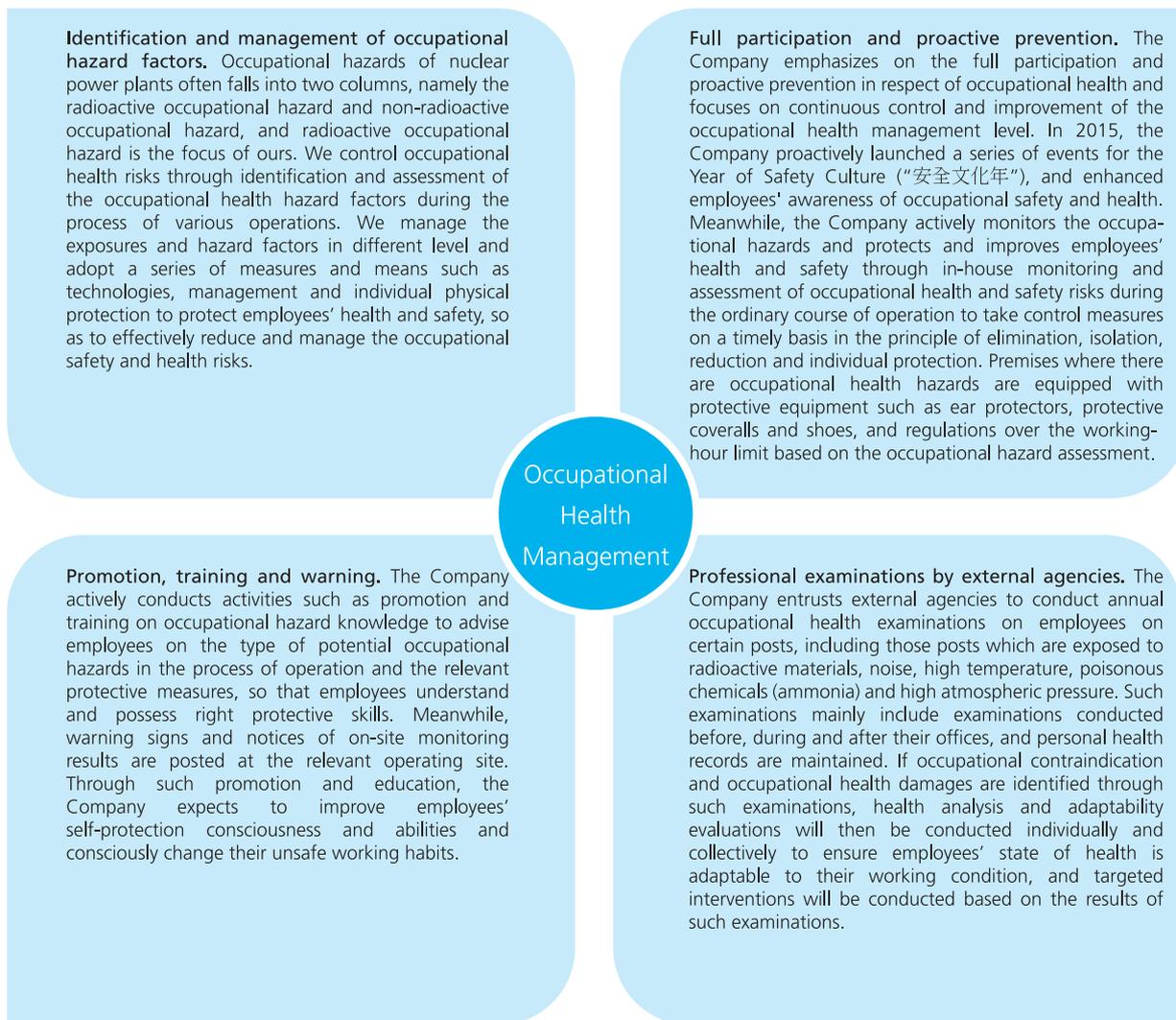
No.	Name	Position	Initial grant shares (1,000 shares)
1	Zhang Shanming	Chairman	960
2	Zhang Weiqing	Director	960
3	Shi Bing	Director	960
4	Gao Ligang	Director and President	960
5	Yue Linkang	Chief Financial Officer	960
6	Shu Guogang	Vice President	880
7	Su Shengbing	Vice President	880
8	Fang Chunfa	Board Secretary	800

Note: The Shares Appreciation Rights of the initial grant are still in the vesting period and hence are not excisable

The Company has bought social security (with 100% coverage), supplemental medical insurance and enterprise annuity for employees. The Company also encourages employees to appropriately arrange their vacations as combined with state laws and the practical conditions of the Company. We have vacation management policies that allow employees to have paid leave.

Occupational Health Management

We pay high attention to the occupational health of our employees. By strictly adhering to the provisions of occupational safety and health of the state, the Company has built up complete occupational safety and health protection system, set up dedicated organization in all bases to take charge of the occupational safety and health management, and won the attestation of system OHSAS18000.



Human Capital

Due to contractors' direct participation in a large number of production activities of nuclear power stations, we assume the responsibilities of ensuring employees' occupational health and safety not only to the Company's own employees, but also to employees of such contractors as well as to other persons who have normal access to the Company's operating sites to carry out the relevant activities.

The table below sets out information on the maximum individual radiation exposure (Unit: mSv) among the personnel (including the staff, contractors and other personnel) who enter into the control area to work each year at the nuclear power stations operated and managed by us:

Nuclear power station/unit	2011	2012	2013	2014	2015*
Daya Bay Nuclear Power Station	8.43	8.12	13.35	6.91	7.14
Ling'ao Nuclear Power Station	8.33	6.06	13.70	7.73	8.51
Lingdong Nuclear Power Station	5.67	6.59	5.66	4.10	5.26
Yangjiang Nuclear Power Station Units 1 and 2	—	—	—	1.02	6.72
Hongyanhe Nuclear Power Station Units 1, 2 and 3	—	—	1.11	8.08	5.62
Ningde Nuclear Power Station Units 1, 2 and 3	—	—	1.27	6.06	12.01

* The annual overhaul is the key factor affecting the individual radiation exposure of various power stations. As compared with 2014, the overhaul of Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station, Lingdong Nuclear Power Station and Hongyanhe Nuclear Power Station generally remained unchanged. Therefore, there was little change in the maximum individual exposure compared with that of 2014. The increased overhaul of Yangjiang Nuclear Power Station and Ningde Nuclear Power Station resulted in an increase in the maximum individual radiation exposure compared with that of 2014. However, the annual maximum individual radiation exposure in each nuclear power station is far below the management target as well as the national regulatory limits.

In 2015, we did not have any fatal incident throughout the year. We calculate the number of industrial accident per 200,000 man hours and the number of industrial accident of contractors' staff per 200,000 man hours in each nuclear power station respectively. All of the nuclear power stations reported zero accident except for one tipping injury of an employee at Ling'ao Nuclear Power Station. The accident rate was 0.22 (number of accidents per 200,000 man hours). All of the nuclear power stations reported zero accident except for one tumbling injury of a contractor at Ling'ao Nuclear Power Station. The accident rate of contractors was 0.08 (number of accidents per 200,000 man hours).

Financial Capital

Our capital needs mainly come from the capital expenditure for construction of nuclear power plants and facilities, debt servicing and operating capital requirements. The source of capital mainly include cash generated from operating activities, shareholders' cash investment, and bank borrowings and bond issuance.

Our ability of financing depends on a variety of external and internal factors. We shall assess the proceeds and risks of various financing channels, and select the stable financing methods based on the structure of our assets and liabilities. We continue to follow the changes of external financing environment and set up reasonable financing models and strategies to ensure our financing safety and economic efficiency, while we adopt the strict measures for debt risk management to avoid the related risks. For the sizeable capital expenditure with favorable expected return, we shall cautiously consider the adoption of equity financing for risk balancing and enhancement of shareholders' value.

External Financing Environment

In 2015, the global economy was still in a profound correction cycle as characterized by a slow recovery course and muted growth momentum. Clear divergences were seen in economic performance and monetary policies of major economies, coupled with depreciation of major currencies against U.S. Dollar, falling commodity prices and non-economic disruptions such as geopolitical issues.

China was challenged by dual pressure from the profound correction worldwide and the domestic downsides. The GDP growth was 6.9% in 2015. The People's Bank of China introduced five rounds of benchmark interest rate cuts for loans and deposits and the reserve requirement ratio for financial institutions in 2015, while the upper end limit on savings interest rate floating range was gradually loosened to promote the interest rate marketization. In 2015, the RMB exchange rate fluctuated remarkably due to events such as RMB exchange rate reform, inclusion of RMB into the Special Drawing Right (SDR) and the interest rate hike in USD. The USD/RMB central parity rate recorded the largest decline as much as 6.12% over a decade, which triggered worries about the sustained depreciation of RMB.



Financial Capital

In a domestic environment of monetary easing, the financing interest rate of the Company declined in 2015, providing an opportunity for us to finance and continuously optimize the debt structure. On the other hand, depreciations in RMB and substantial fluctuations in foreign exchange rates have brought more of our attention to risk management on foreign currency debt. Addressing the complicated and changing external financing environment, we adhered to a prudent financing model and rigorous debt risk management principle and adopted effective measures to ensure our capital safety, so as to promote our financial soundness and our core business.

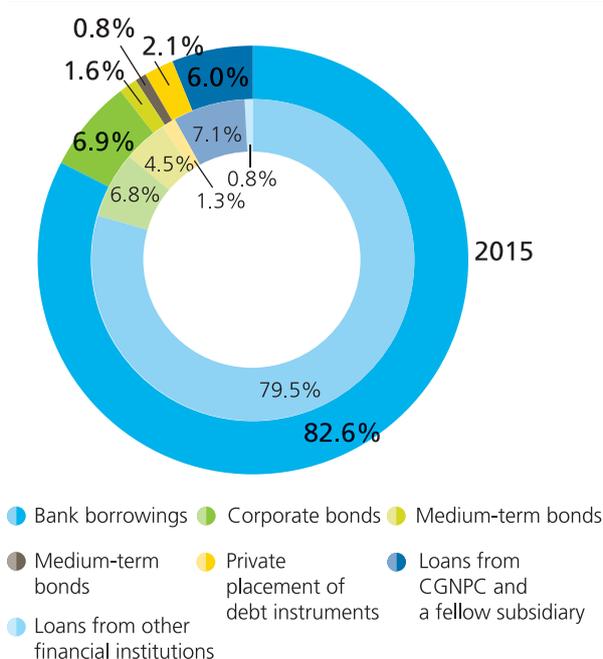
Financing Model

We strive to maintain diversified ways of financing to establish a financing model with a mixture of short, medium and long-term capitals, a combination of direct financing and indirect financing, and the coexistence of various channels to provide the Company with solid capital support. In the course of debt financing, we always follow the balance of cost and safety principle. We strive to seek competitive financing cost, but the minimum financing cost is not the only goal, otherwise it will impair our financing safety and acceptable service quality.

Diversified Financing Types

Diversified financing types helped us to avoid relying on a single financing channel, and enabled us to have adequate options for different types of capital requirements. In view of our large-scale long-term investments and according to our assets-liability matching principle, our current financing mix is dominated by long-term bank borrowings, as supplemented by short-term bank borrowings and debt financing as well as borrowings from other financial institutions. Since a number of our nuclear power projects are in construction period, our debt financing remained stable. At the end of 2015, the balance of debt financing slightly decreased by RMB1,098.4 million as compared to that at the end of 2014. In view of the accommodative monetary conditions, the Company further optimized its debt structure through issuance of short-term debentures and private placement of debt instruments in 2015.

Analysis of debt balance - by financing type

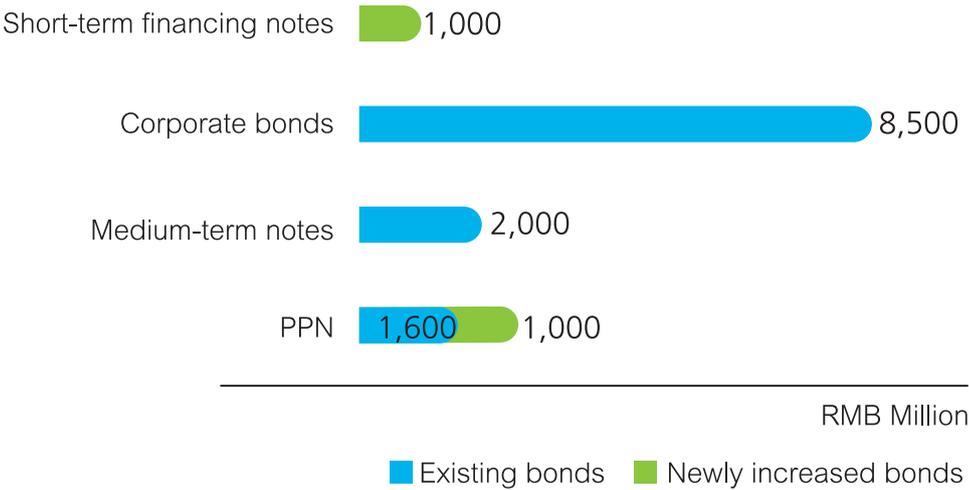


Borrowings from Banks and Other Financial Institutions

We meet our capital needs for long-term stable investment in nuclear power projects mainly through long-term bank borrowings from syndicates. Reasonable loan terms and repayment schedule are defined to match our long-term cash flows, reduce refinancing risk and ensure the safety of our overall debt. With increasing investments in nuclear power projects under construction, the proportion of long-term bank borrowings to total debt financings also increased to 69.0%, 73.6% and 76.5% respectively in 2013 to 2015. At the same time, we use short-term bank borrowings to bridge the shortfall of working capital, and meet different capital needs through a combination of insurance debt financing and financing lease. The average interest rate of bank borrowings with floating rates declined by 31 bps in 2015 as compared to that of 2014, and a further decline is expected in 2016 since the interest rates of long-term bank borrowings with floating rates are generally adjusted once a year.

Domestic Debt Financing

The Company is a legal entity incorporated in the PRC and is qualified for the public issuance of debt financing instruments. Our available options in the domestic market mainly include short-term financing notes, medium-term notes and corporate bonds, which can satisfy the requirements of working capital, debt repayment and capital expenditure of projects.



Financial Capital

As of December 31, 2015, the debt portfolio of the Company is listed as follows:

Short-term financing notes	In July 2015, the Company issued the RMB1,000.0 million short-term financing notes for the first time with a term of one year to replenish cash flow of the Company.
Corporate bonds	The Company has a total of RMB8,500.0 million Phase III corporate bonds transferred from controlling shareholder CGNPC, with a term of 10-15 years which is used for the construction of Ling'ao Nuclear, Lingdong Nuclear and Yangjiang Nuclear.
Medium-term notes	The two medium-term notes "10 CGNPC MTN1" and "11 CGNPC MTN1" issued by CGNPC are jointly used by the Company and CGNPC, among which for the notes with nominal value of RMB5,530.0 million, the issuer remained unchanged and they were used for the construction of Yangjiang Nuclear, Hongyanhe Nuclear and Ningde Nuclear. In 2015, the Company repaid the medium-term notes with nominal value of RMB3,530.0 million.
Private placement note (PPN)	<p>Taishan Nuclear, the subsidiary of the Company, issued a total of RMB2,100.0 million of three rounds (of which an amount of RMB500.0 million was issued on February 16, 2015) PPN before its acquisition, and they are valid for three years. All the money raised are used for construction of Taishan Nuclear Power Station.</p> <p>On December 9, 2015, Yangjiang Nuclear, the subsidiary of the Company, issued a three-year PPN for raising an amount of RMB500.0 million for the construction of Yangjiang Nuclear Power Station.</p>

Note: The details of our bonds are set out in Note 33 Financial Statements on page 234 and Note 35 Financial Statements on page 239.

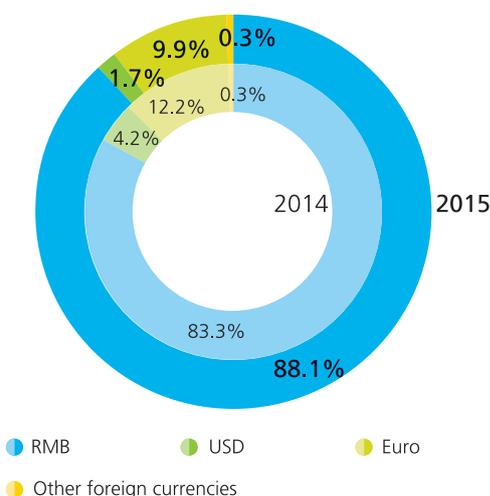
External Debt Financing

According to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (《關於推進企業發行外債備案登記制管理改革的通知》) (Fa Gai Wai Zi [2015] No. 2044) promulgated by the NDRC on September 14, 2015, the Company is competent and qualified for foreign debt financing and may issue overseas bonds subject to filings with the NDRC. In the future, the Company will consider factors including issue price, capital entry policy, offshore investment demand and foreign exchange risk to opportunistically seek foreign bond financing activities. Besides, we will carry out international rating according to the overseas financing plan in due time. As of December 31, 2015, the Company has not carried out overseas debt financing.

Reasonable Currency and Term Structure

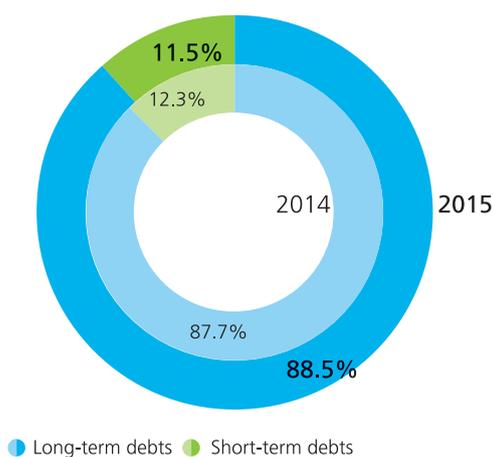
With regard to the currency, since the sales income and cost of procurement of the Company are denominated in RMB, we maintain a RMB-oriented debt structure, which not only satisfies our operational characteristics, but also effectively prevents liquidity risks and systematic exchange rate risks of the Company. As of December 31, 2015, the Group's bank borrowings denominated in RMB and other borrowings accounted for approximately 88.1% of our debts, bank borrowings denominated in foreign currency and other borrowing accounted for 11.9% of our debts. Bank borrowings denominated in foreign currency and other borrowings, including Euro, USD and GBP, are primarily used to procure equipment and spare parts from overseas markets as well as related services.

Analysis of debt balance - by currency



In view of validity, the construction and operation of nuclear power projects have relatively long cycles, therefore our debts mainly comprise long-term debts. Meanwhile, to meet the needs of the Company's liquidity management, we also intend to gradually repay the project debts with the income generated from our projects in the future through matching the decentralized and orderly repayment schedules with long-term cash flow returns from the Company's nuclear power projects. As of December 31, 2015, short-term debts of the Group accounted for approximately 11.5% and long-term debts accounted for approximately 88.5%.

Analysis of debt balance - by term



Financial Capital

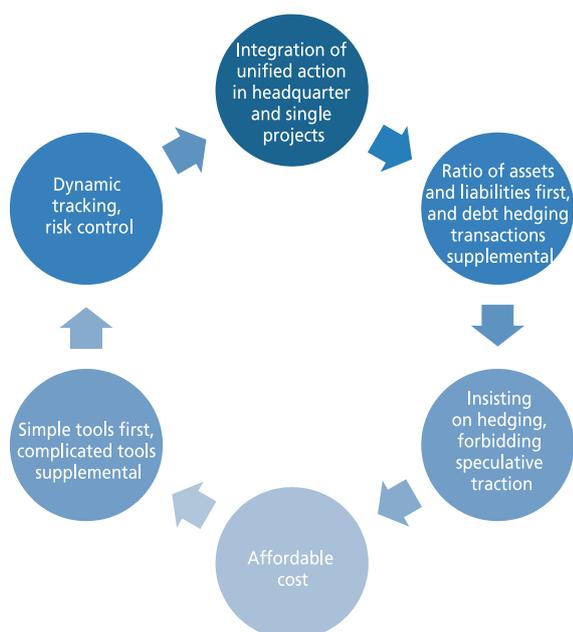
Debt Risk Management

Active Management of Exchange Rate and Interest Rate Risks

Responding to the exchange rate and interest rate risks actively to finance procurement of equipment, spare parts and related services from overseas market, the Company has accumulated some foreign currency debts in the process of nuclear power project construction. Due to fluctuations in foreign exchange rates, the foreign currency debt may affect earnings and cash flow expectations of the Company. In order to mitigate the impact, we uphold a prudent approach to carry out debt hedging and risk prevention arrangements under a well-established debt risk management system. Our objective aims at cost control instead of profit, while we adhere to the principle of hedging and prohibiting speculative transactions. All the transactions for maintenance of value obligations shall be on the basis of factual debt cash flow or guarantee payment of commercial contracts, while simple instruments shall be mainly applied with the supplement of complex instruments for hedging against financial risks. We shall regularly review the positions of derivatives and continue to monitor and report various risks with timely adjustments in accordance with the expected changes in the market.

The RMB exchanged rate reform in 2015, inclusion of RMB in Special Drawing Rights (SDR) and the interest rate hike in USD, among other significant events, resulted in significant fluctuations in RMB exchange rate in 2015. In February 2015, we reviewed the exchange rate volatility risk exposed by foreign currency debt, and took initiatives such as forward transactions, debt swap and early repayment to gradually reduce exchange rate exposure of foreign currency debt. Meanwhile, we managed new foreign currency debt by positively changing the financing terms for payments under foreign commercial contracts, so as to reduce the impact of significant exchange rate risk. As compared to the end of 2014, our balance of bank borrowings denominated in foreign currency and other borrowings decreased by RMB6,076.1 million equivalently, and its percentage in total decreased from 16.7% as of the end of 2014 to 11.9% as of the end of 2015. In 2016, the Company will continue to monitor the market and take appropriate measures to minimize the impact of RMB exchange rate fluctuations.

The debt financing of the Company mainly comprised medium and long-term floating rate debts. In response to the long-term interest rate risk, particularly amid the interest rate marketization in China, we will tap on hedging instruments such as interest rate swaps with a refined interest rate mix to reduce the impact of interest rate fluctuations on our business operation.



Limited or Non-Recourse Financing Methods

To ensure the Company's separation from financing risks, we usually arrange nuclear power project companies as the financing entities in respect of nuclear power project financing. In principle, we do not provide guarantees to the project companies. We strictly control certain guarantees, such as warranty, security and pledge, in the financing process, and do not permit our subsidiaries to provide guarantees in any form to external entities or individuals without the approval of the competent authorities of the Company. Subsidiaries and affiliates are also not allowed to provide guarantees for each other.

Nuclear power project companies raise debt funds by limited or non-recourse financing methods. They mainly repay the principal amount and interest with sales income or other income generated from such project. Creditors have no recourse rights or only limited recourse rights to project shareholders.

Proper Financial Leverage

We are concerned about our financial leverage and shall continue to undertake its optimization. On the one hand, we achieve good shareholder returns through the proper financial leverage, and on the other hand, we avoid excessive debt-financing in the course of business expansion that may hurt our financial health. On December 31, 2015, the Group's gearing ratio* was 63.9%. With an increasing investment in nuclear power projects under construction, we expect our gearing ratio to rise further in the future, but it shall be kept within our manageable range.

Adequate Liquidity

To manage liquidity risks, we monitor and maintain our cash and cash equivalents as well as the level of unutilized banking facilities to ensure that such amounts can provide sufficient cash support for our operation and avoiding too much idle funds.

* Gearing ratio = The sum of current liabilities and non-current liabilities is divided by the sum of current assets and non-current assets, which is then multiplied by 100%.

As of December 31, 2015, we had cash and cash equivalents of RMB7,178.6 million, limit of short-term financing notes of RMB4,000 million (available for public offering) and undrawn general credit line from banks and other financial institutes of RMB59,489.9 million.

Maintaining a Good Credit Rating

Maintaining a good credit rating helps lower our cost of financing. In June 2015, China Chengxin International Credit Rating Co. Ltd. (中誠信國際信用評級有限責任公司) assessed the credit rating of the Company, and given "the gradual commissioning of the nuclear power generating units under construction and the smooth progress of the projects under construction", the rating agency concluded that the Company would "enjoy steady growth in the nuclear power generation capacity in the future and the generating capability would further be strengthened with stronger profitability and smooth financing channels" and maintained our AAA credit rating with stable outlook. We shall continue to ensure our healthy financial positioning and keep a good communication with credit rating agencies so as to maintain our sound credit conditions.

Environmental Capital

Our commitment to social responsibility is to continue to provide safe, reliable and economical power for the society and to strive for a bluer sky and clearer water, which has also been the cornerstone for our sustainable development. The Company attaches great importance to the harmony between nuclear power operations and the natural environment, and always adhere to a highly responsible attitude to the environment and maintain the healthy, stable and sustainable development of the Company.

Environmental Management System

Environmental protection is one of our fundamental policies. We have carried out full-range of environmental management at our nuclear power stations, focusing on the protection of local air, water quality, soil and physiognomy and the conservation of natural habitats and biodiversity. At various stages of a nuclear power plant, including site selection, feasibility studies, construction and operation, we have strictly complied with the national environmental regulations and relevant requirements, submitted environmental impact reports in accordance with laws and consciously accepted the supervision of national environmental protection authorities and its local branches.

The Company highly emphasizes the establishment of an environmental management system, and has confirmed the environmental policy of "compliance with regulations, safe operation, pollution prevention and continuous improvement", while each nuclear power plant has set up a special environmental management agency with professional environmental protection staff to develop and improve the environmental management system. The nuclear power generating units in operation under our management have obtained the ISO14001 environmental management system certification, and environmental management objectives and targets are released on an annual basis to conduct identification and appraisal on various types of environmental hazards so as to formulate appropriate control and improvement schemes.



Egrets are flying on the lawn of Daya Bay Nuclear Power Station

Radioactive Waste Management

Nuclear power stations generate gaseous, liquid and solid wastes while producing electric energy. These wastes are collectively called "Three Wastes" at nuclear power stations. Of these, some wastes are radioactive and require proper management and safe disposal to protect the public and the environment. There are strict and specific regulations and requirements in all countries in respect of the disposal of radioactive wastes from nuclear power stations and the control of the discharge of them to the environment. According to the national standard, namely "Classification of Radioactive Waste" (GB9133-1995), radioactive wastes are divided into low-level radioactive waste, medium-level radioactive waste and high-level radioactive waste. High-level radioactive wastes from nuclear power stations are mainly spent fuels which are used fuel assembly removed from the reactor. Such spent fuels must be reprocessed in accordance with the national unified planning. Radioactive waste management we described herein mainly refers to low to medium level radioactive waste management.

We have established a set of comprehensive radioactive waste management mechanism which have been integrated into the whole production process of power stations, and control and treat radioactive wastes using international advanced technologies and standards to continuously improve our capability in respect of the treatment of three wastes. We strive to minimize the amount of radioactive waste generated. We follow rigorous safety practice standards in every aspect of our treatment of radioactive waste (including collection, purification and concentration, volume reduction and solidification, packaging, transportation, temporary storage on-site, centralized disposal, etc.) The emissions are far lower than national emission standards. Please refer to page 31 of chapter "business performance and analysis" for details of radioactive waste of our plants in 2015.

Over 20 years of operation at Daya Bay Base have offered us an opportunity to accumulate extensive experience in respect of radioactive waste management. According to the long-term tracking and monitoring data of several monitoring stations within a radius of 10 km of the Daya Bay Base, the surrounding area's environmental radioactivity has not changed from that before the nuclear power station began operations, and the biological population from land and sea in this region has not changed either.

In view of Yangjiang Nuclear Power Base, Ningde Nuclear Power Base and Hongyanghe Nuclear Power Base with their commercial operation commenced in recent years, the long-term tracking and monitoring data of several national and municipal monitoring units indicated that their surrounding area's environmental radioactivity has not changed from that before the operations, and the biological population from land and sea in this region has not changed either.

Environmental Monitoring

According to the requirements of China's "Regulations for Environmental Radiation Protection of Nuclear Power Plants" (核電廠環境輻射防護) and "Guideline of Environmental Supervision and Monitoring" (環境監督和監察大綱), Daya Bay, Yangjiang, Ningde and Hongyanhe nuclear power sites managed by us have implemented unified environmental monitoring, thus forming an established environmental monitoring system. The Company conducts monitoring and analysis on air, terrestrial and marine biological environment media within 10 km of its nuclear power stations, assesses the environment at and around the nuclear power stations, timely releases key ambient monitoring data, and accepts supervision of the society and the public.

According to the long-term tracking and monitoring by the external institutions such as the Hong Kong Observatory, the monitoring results of the nuclear power stations managed by the Company indicated that the surrounding area's environmental radioactivity has not changed from that before the nuclear power station began operations, and the biological population from land and sea in this region has not changed either while there was no adverse impact to the environment. According to ongoing monitoring by the Ministry of Environmental Protection, the air-absorbed rates of environment around our nuclear power plants in operation stay within the fluctuation range of local natural background levels.

Meanwhile, NNSA implements strict supervision requirements on radioactive emissions from nuclear power plants, and requests "dual-track system" monitoring to be conducted on gaseous and liquid effluents as well as the external environment in the periphery of nuclear power stations. Such monitoring shall be carried out by the operators of nuclear power plants and the radiation environment monitoring agencies under environmental protection systems of the provinces in which nuclear power stations are located, respectively.

KRS system is used to monitor ambient air absorbed dose rate, nuclide Gamma spectrum and meteorological data, so as to monitor air radiation levels in a timely manner. All bases are equipped with KRS system. During normal operation of nuclear units, KRS system can track environmental radiation within monitoring scope for long time, define whether the radiation is within safe scope or not. Under emergency condition, KRS system can provide important support to early environment pre-warning, accident result assessment and emergency response, to safeguard public health and safety.

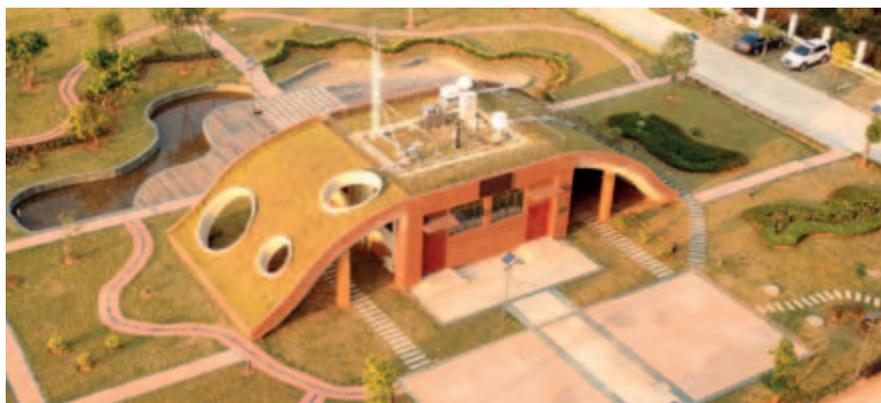
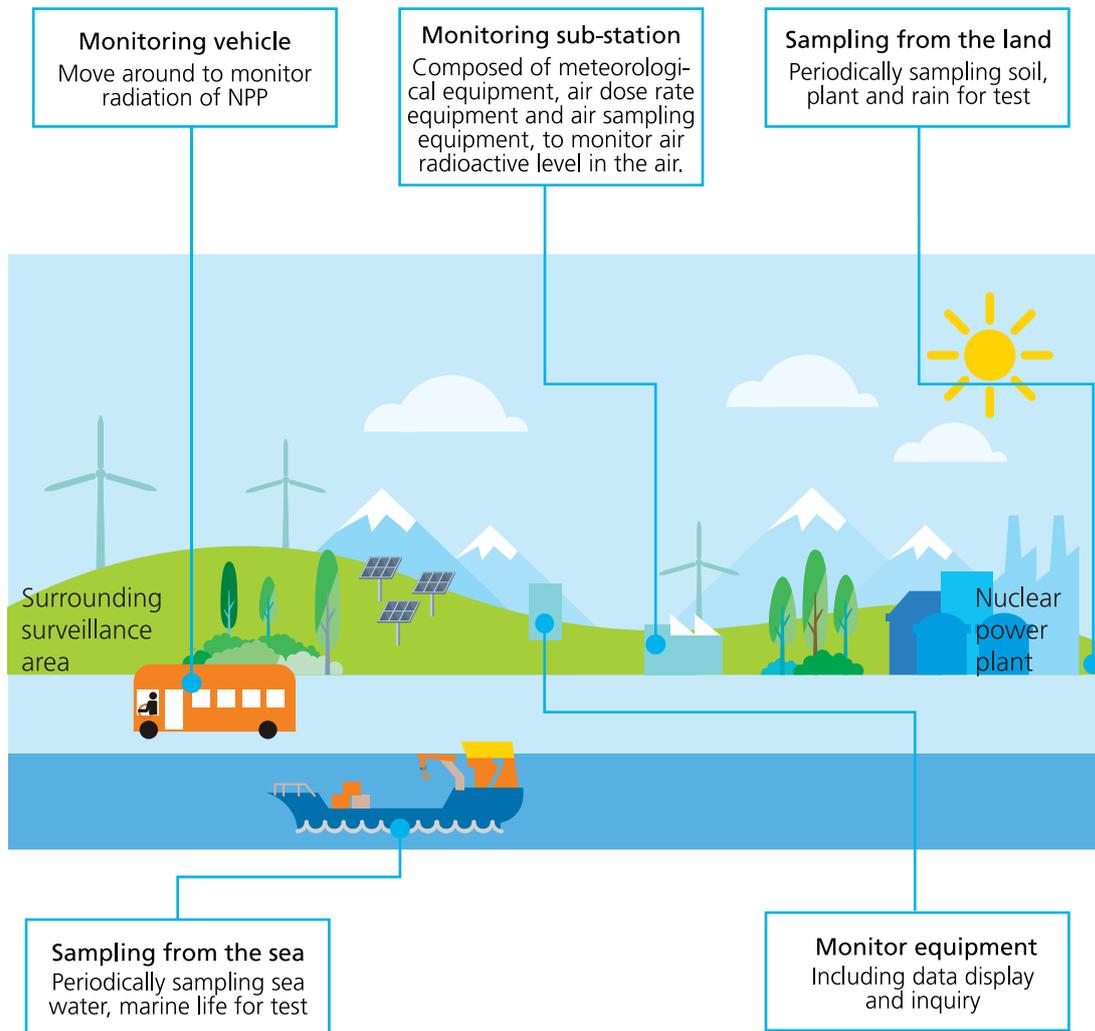
Through five years of exploration, we have successfully developed KRS system with own intellectual property. A pilot run is in process at our three nuclear power bases namely Ningde Base, Yangjiang Base and Hongyanhe Base. Compared to conventional monitoring system, the KRS system operates more stably and provides more accurate monitoring.



Mobile monitoring vehicle

Environmental Capital

Flow Chart of the Environmental Radiation Monitoring System of Nuclear Power Stations:



KRS system sub-station

In the well-developed coastal areas, nuclear power plays a crucial role in the energy structure and makes contribution to the energy conservation and emission reduction for the region. For example, our power supply accounted for approximately 8.6% of the total in Guangdong Province, and we also cooperate with CLP Holdings Limited to provide approximately 25% of power supply to Hong Kong, becoming a key component for the zero carbon emission in the Pearl River Delta.

Social and Relationship Capital

The construction and operation of nuclear power plants have a very extensive effect. We understand that the understanding, trust and support from the society, the public, shareholders and other stakeholders are critical to the Company to ensure our sustainable development.

We always adhere to the principles of “creating a sustainable development chain, serving the public and giving back to society,” and proactively fulfill our social responsibility. While focusing on enterprise growth, we also strive to promote the healthy development of society and community.

Proactive Disclosure of Information

Each of the nuclear power bases managed by us has established its own public information platform on nuclear and radiation. The information made available to public includes monthly operating data, such as capacity factor, radiation protection, industrial safety, Level 1 fire risk incidents, “three wastes” control and monitor of the environment, and incidents. In the event that any incident occurred in any operating power generating unit, the incident must be reported on the public information platform within two working days. In 2015, a total of nine events occurred, which have been disclosed in a timely manner.

Each of the nuclear power bases managed by us has established its own special websites and social media platforms such as the official WeChat account for proactively delivering the operational information of various nuclear power bases. The Company arranges regular press conferences, interviews and site visits by invitation, theme events that provide oral and written reports of nuclear power stations’ related information to the industry department heads, takes public inquiries through hotlines, facsimile and email, enhances the communication with media through publications. In 2015, the Company and its nuclear power stations convened a total of six press conferences.



Yanjiang Nuclear organized 2015 press conference

Promoting transparent communication with public

Committed to transparent communication, we continued to explore open and transparent communication mechanism and strengthened nuclear power education to enhance the understanding of nuclear power among the public, thus enhancing confidence in nuclear power.

To proactively respond to the concerns of the society, we integrated existing resources and innovated nuclear power education by establishing a multi-dimensional public education platform to help the public understand more about nuclear power.

We carried out the activities of “the first class of nuclear power” in campuses, and sponsored the summer (winter) camps on nuclear power education to cultivate students’ interest in learning and understanding nuclear power.

Social and Relationship Capital



The site of "the first class of nuclear power" at Daya Bay

To conduct integrated publicity, we popularized knowledge of nuclear power through channels and platforms such as new media, themed billboards, nuclear power pamphlets and local media. We cooperated with communities to carry out large-scale science education activities to educate residents about nuclear power.

We have built nine nuclear science exhibition halls in the nuclear power bases and their surrounding cities across the country, receiving more than 250,000 visits in 2015.

Since 2013, "Public Experience Day" is held annually on August 7 to enhance the interaction and communication with the public. With the coordination of the NNSA in 2015, "Public Experience Day on August 7" was turned into a joint campaign of nationwide nuclear power stations and the entire nuclear industry. Nearly 1,000 delegates from the National Energy Administration, the NNSA, the State Administration of Science, Technology and Industry for National Defense, the companies in technology design, device manufacturing, project construction and power station operations, the mainstream media, the surrounding communities, and the online fans visited the nuclear power bases managed by us, participating in various visitor experience and communication activities.



Themed party at Daya Bay Station

Win-win social development

The development and flourishing of the enterprise has been rooted in the community. Assuming the responsibility of facilitating the development of communities, we continued to increase investment in the economic development of communities in addition to the construction of power stations so as to achieve harmonious development with communities.

By establishing vegetable farms around the power plant and purchasing fresh sea fish from local fishermen, Taishan Nuclear ensured more fresh, safe and delicious food ingredients in its cafeteria while enabling local residents to benefit from the development of nuclear power.



Taishan Nuclear's vegetable farms

Supporting culture and education

While facilitating the economic development of communities, we incorporated ourselves into the cultural and social environment of communities, improved communication with local residents, and assumed the role of cultural ambassador by respecting local cultural rituals, engaging in local cultural activities and protecting local cultural heritage, and for example, Yangjiang Nuclear promoted the kite culture of Yangjiang; Ningde Nuclear was actively involved in participating in the Ningde tea festival; Hongyanhe Nuclear and the government of Hongyanhe Town jointly launched the campaign of “Hongyanhe on Paper-Cuts” and participated in other activities.

World-renowned Lingzhi Kite is the best kind of kite made in Yangjiang. Local painters from Yangjiang designed a Lingzhi Kite for Yangjiang Nuclear, and in return Yangjiang Nuclear created a kite dance to promote the kite culture of Yangjiang.



Yangjiang Nuclear promoted the kite culture of Yangjiang.

We care about the education development of communities. The education surcharge we paid to regions where our nuclear power bases are located reached RMB130 million in total in 2015.

Engaging in public welfare activities

We have devoted ourselves to the development of public welfare undertakings, created new approaches to social welfare and facilitated the sharing of benefits to deliver warm and care.

We encourage and support our employees to systematize and regularize the charitable activities. In 2015, we had over 4,600 staff volunteers, and recorded over 10,000 person-times and 34,900 hours devoted to public services.





中广核  CGN

中國廣核電力股份有限公司
CGN Power Co., Ltd.

股份代號：1816

2014年度股東大會

2014 Annual General Meeting





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Board of Directors, Supervisory Committee and Senior Management

Board of Directors

Chairman and Non-executive Director



Mr. Zhang Shanming (張善明), aged 51, is the Chairman of the Board and a non-executive Director of the Company. He was appointed as our Chairman and non-executive Director on March 24, 2014. Mr. Zhang has more than 31 years of experience in the nuclear power industry. He served as the chairman of the board of directors of China Nuclear Power Engineering Co., Ltd. from February 2006 to June 2008, as the chairman of the board of directors of China Nuclear Power Technology Research Institute Co., Ltd. from May 2008 to June 2011, and as the chairman of the board of directors of Daya Bay Nuclear Power Operations and Management Co., Ltd. from February 2009 to June 2011. He has been the general manager of CGNPC since August 23, 2010 up to now. Mr. Zhang obtained a bachelor of engineering degree in thermal power of power station from Zhejiang University (浙江大學) in July 1984, a master of business administration degree from Shanghai Jiao Tong University (上海交通大學) in July 2002, and a doctor of economics degree in finance from Wuhan University (武漢大學) in June 2012. Mr. Zhang attended training on operations management and safety supervision in EDF in France and in General Electric (UK) from April 1989 to December 1990. Mr. Zhang is entitled to special allowance of the State Council. He won WANO Nuclear Excellence Award in May 2013 and was recognized as a National Outstanding Entrepreneur in May 2014. Mr. Zhang was accredited as a professorship-level senior engineer by China Guangdong Nuclear Power Holding Co., Ltd. (now known as CGNPC) in December 2001.

Executive Director



Mr. Gao Ligang (高立剛), aged 50, is the executive Director and the President of the Company. He was appointed as our executive Director and President on March 24, 2014. Mr. Gao has more than 27 years of experience in the nuclear power industry. He worked successively as the chairman of the board of directors and the general manager of Yangjiang Nuclear Power Co., Ltd. from December 2007 to October 2013. He also served as the general manager of Guangdong Taishan Nuclear Co., Ltd. (now known as "Taishan Nuclear Power Joint Venture Co., Ltd.") from December 2007 to October 2011, and has been the chairman of the board of directors of Taishan Nuclear since December 2007 up to now. Mr. Gao also served as the deputy general manager of CGNPC from April 2011 to March 2014. Mr. Gao obtained a bachelor of engineering degree in power system and automation from Huazhong University of Science and Technology (formerly known as Huazhong Institute of Technology) in July 1985 and a master of engineering degree in power system and automation from North China Institute of Electric Power (華北電力學院) in January 1988. Mr. Gao is entitled to a special allowance of the State Council. Mr. Gao was accredited as a professorship-level senior engineer by China Guangdong Nuclear Power Holding Co., Ltd. (now known as CGNPC) in December 2001.

Non-executive Directors



Mr. Zhang Weiqing (張煒清), aged 60, is a non-executive Director of the Company. He was appointed as our non-executive Director on March 24, 2014. Mr. Zhang has more than 14 years of experience in the nuclear power industry. He worked successively as the deputy director of the general office, assistant of general manager concurrently serving as director of the general office, the secretary to the board, the general manager of the Beijing Business Unit (北京工作部), and vice president of CGNPC from November 2001 to March 2014. He was appointed as the vice chairman of the board of directors of CGNPC in March 2014. Mr. Zhang obtained a bachelor of engineering degree in computer hardware from the University of National Defense Technologies (國防科學技術大學) in March 1982. Mr. Zhang was accredited as a senior engineer by the Commission of Science, Technology and Industry for National Defense under the People's Liberation Army (中國人民解放軍國防科學技術工業委員會) in December 1994.



Mr. Shi Bing (施兵), aged 48, is a non-executive Director of the Company. He was appointed as our non-executive Director on March 24, 2014. Mr. Shi has more than 19 years of experience in finance, accounting, auditing and management in respect of the large nuclear power enterprises. Mr. Shi has successively served as the deputy chief accountant and general manager of the finance department concurrently, deputy general manager and deputy chief accountant concurrently, deputy general manager and chief accountant concurrently at CGNPC since January 2008 up to now. Mr. Shi obtained a bachelor of economics degree in national economic management from Lanzhou University (蘭州大學) in June 1990 and a master of economics degree in accounting from Central University of Finance and Economics (中央財經大學) (formerly known as Central Institute of Finance and Banking) in March 1996. Mr. Shi is entitled to a special allowance of the State Council. Mr. Shi was accredited as a senior accountant by the third Assessment Committee of the Senior Accountant Qualification of Guangdong Province in December 2003.



Mr. Xiao Xue (肖學), aged 50, is a non-executive Director of the Company. He was appointed as our non-executive Director on March 24, 2014. Mr. Xiao has more than 31 years of experience in corporate management and financial management. Mr. Xiao served as the deputy director of Guangdong State Assets Supervision and Administration Commission from August 2008 to April 2012. He was an expert member of the Decision-making and Advisory Committee for Guangdong Provincial Government from May 2012 to October 2015. He has served as the chairman of the board of directors of Guangdong Hengjian Investment Holdings Co., Ltd. since May 2012, and an entrepreneur member of the Decision-making and Advisory Committee for Guangdong Provincial Government since October 2015 up to now. Mr. Xiao graduated from the Accounting Department of Jinan University (暨南大學) with a bachelor of economics in July 1985 and obtained a master of economics degree from Zhongnan University of Economics and Law (中南財經大學) in December 1997 and a doctor of management degree from the Finance Science Research Institute of the Ministry of Finance in July 2008.

Board of Directors, Supervisory Committee and Senior Management



Mr. Zhuo Yuyun (卓宇雲), aged 45, is a non-executive Director of the Company. He was appointed as our non-executive Director on March 24, 2014. Mr. Zhuo has more than 21 years of experience in the nuclear power industry. Mr. Zhuo served as the deputy director of the finance and accounting department at China National Nuclear Corporation from August 2007 to January 2010. Mr. Zhuo served as the general counsel of China National Nuclear Power Co., Ltd. (中國核能電力股份有限公司) from February 2014 to December 2015 and the deputy general manager and chief accountant of CNNC Nuclear Power Co., Ltd., and he has served as the vice general manager and the chief accountant concurrently of China National Nuclear Power Co., Ltd. since December 2011 up to now and. Mr. Zhuo graduated from Zhongnan University of Economics and Law (中南財經大學) with a bachelor of economic information management in July 1992, obtained an executive master of business administration degree from Fudan University (復旦大學) in January 2005 and a postgraduate diploma in corporate finance and investment management from the University of Hong Kong in April 2013. Mr. Zhuo was accredited as a senior accountant by China National Nuclear Corporation (中國核工業集團公司) in January 2002.

Independent Non-Executive Directors



Mr. Na Xizhi (那希志), aged 62, is an independent non-executive Director of the Company. He was appointed as our independent non-executive Director on March 24, 2014. Mr. Na worked as the general manager at Huaneng Power International Inc. (華能國際電力股份有限公司), a company listed on Hong Kong Stock Exchange (stock code: 902) and Shanghai Stock Exchange (stock code: 600011), which was engaged in the development, construction and operation and management of power stations, from March 2006 to April 2008; served as a director of Huaneng Power International, Inc. (華能國際電力股份有限公司) from May 2005 to May 2008; and served as the deputy general manager at China Huaneng Group (中國華能集團公司) from September 2005 to April 2006 and from May 2008 to July 2013. Mr. Na graduated from Wuhan University of Hydrology and Electricity (武漢水利電力大學) with a master of engineering degree in thermal power of power station in March 1995.



Mr. Hu Yiguang (胡裔光), aged 44, is an independent non-executive Director of the Company. He was appointed as our independent non-executive Director on March 24, 2014. Mr. Hu is a senior partner and a managing partner of Lifang & Partners in Beijing, PRC (中國北京市立方律師事務所) and is well versed in laws relating to real estate and construction industry, corporate laws, financial laws, as well as general civil and commercial litigation and arbitration. He is an experienced business negotiator and law-related project designer, and has worked as a legal counsel for the former Ministry of Railways of the PRC (中華人民共和國鐵道部), China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司), China Everbright Bank Co., Ltd. (中國光大銀行股份有限公司) and other enterprises and government departments. Mr. Hu graduated from Renmin University of China (中國人民大學) with a bachelor of laws degree in June 1992 and a master of laws degree in civil law from Renmin University of China in June 1997.



Mr. Francis Siu Wai Keung (蕭偉強), aged 61, is an independent non-executive Director of the Company. He was appointed as our independent non-executive Director on March 24, 2014. Mr. Siu has worked in KPMG for approximately 31 years, where he provided professional services to clients from various industries. He has extensive experience in providing audit services for PRC and overseas companies, and has sound knowledge in providing professional advice on foreign direct investment in the PRC. Mr. Siu serves as an independent non-executive director at various listed companies, including CITIC Ltd. (中國中信股份有限公司) (stock code: 267), China Communications Services Corporation Ltd. (中國通信服務股份有限公司) (stock code: 552), and China International Capital Corporation Limited (中國國際金融股份有限公司) (stock code: 3908), being listed on the Hong Kong Stock Exchange; GuocoLand Limited (stock code: GUOL) and BHG Retail Trust Management Pte. Ltd., being companies listed on the Singapore Exchange and the independent non-executive director of Beijing Gao Hua Securities Co.. He obtained a bachelor of arts degree with major in economics, accounting and financial management from the University of Sheffield in the United Kingdom in July 1979. Mr. Siu is a senior fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

Supervisory Committee



Mr. Pan Yinsheng (潘銀生), aged 55, is the chairman of the Supervisory Committee of the Company. Mr. Pan was appointed as one of our supervisors on June 12, 2015, and the chairman of the Supervisory Committee on June 19, 2015. Mr. Pan served as a clerk of the production technology division in the state-owned Factory 404 of the Ministry of Nuclear Industry (核工業部國營404廠) from August 1984 to April 1987. He joined CGNPC in April 1987, and he served as the trainer of the production department, operator of the operation division of the production department, deputy shift supervisor, No.3 shift supervisor, day shift supervisor, deputy branch head and branch head of operation branch of operation department 1 in Guangdong Nuclear Power Joint Venture Co., Ltd. (廣東核電合營有限公司) since March 2003. Mr. Pan was the deputy manager of the production department in Daya Bay Nuclear Power Operations and Management Co., Ltd. (大亞灣核電運營管理有限責任公司) from March 2003 to July 2003, the assistant general manager of Yangjiang Nuclear Power Co., Ltd. (planned) (陽江核電有限公司 (籌)) from July 2003 to February 2004, general manager of the development and planning department of CGNPC from February 2004 to November 2006, chief information officer of CGNPC and general manager of ERP Construction Project Department of the Group from November 2006 to June 2011, deputy general manager of Guangdong Nuclear Investment Co., Ltd. (廣東核電投資有限公司) from June 2011 to August 2014 (and during the period between August 2011 and August 2014, concurrently serving as the deputy commissioner of Xinjiang Altay region administrative office as a temporary assignment). Mr. Pan served as the safety director of CGNPC from September 2014 to December 31, 2015. Mr. Pan graduated from Engineering and Physics Faculty of Tsinghua University (清華大學) in July 1984 with a bachelor degree in engineering, specializing in nuclear reactor engineering. In July 2002, he graduated from Huazhong University of Science and Technology (華中科技大學) with a master of engineering degree, specializing in industrial engineering.

Board of Directors, Supervisory Committee and Senior Management



Mr. Yang Lanhe (楊蘭和), aged 64, was appointed as non-employee representative Supervisor of the Company on June 12, 2015. Mr. Yang was a deputy secretary to the Party Committee of Jiuzhou Commune of Yunlong County in Yunnan Province from October 1971 to November 1973; served as an operator and a shift supervisor of the main control room in Branch 2 of the State-owned Plant 404 from January 1978 to September 1990; served as deputy section chief, section chief, deputy branch manager, branch manager and deputy general manager of Nuclear Power Qinshan Joint Venture Co., Ltd. (核電秦山聯營有限公司) from September 1990 to April 2003; served as secretary to the Committee of Nuclear Power Qinshan Joint Venture Co., Ltd. under the Communist Party of China from April 2003 to November 2004; served as general manager and secretary to the Party Committee of Nuclear Power Qinshan Joint Venture Co., Ltd., general manager of Qinshan Nuclear Power Station No. 3 Co., Ltd. (秦山第三核電有限公司) and deputy secretary to the Party Committee of the Qinshan Nuclear Power Base from November 2004 to February 2013. Mr. Yang has been a member of the Zhejiang Provincial Committee of the Chinese People's Political Consultative Conference since February 2013. Mr. Yang graduated from the Department of Engineering Physics of Tsinghua University in 1978, specializing in nuclear reactor engineering. In 2006, he obtained a master of business administration degree from Shanghai Jiao Tong University.



Mr. Chen Rongzhen (陳榮真), aged 61, was appointed as non-employee representative Supervisor of the Company on June 12, 2015. Mr. Chen worked at the light mechanical repair plant 2 in Haifeng County from March 1973 to March 1977; served as a technician and deputy director of the load dispatch zone in the Guangzhou Power Supply Bureau (廣州供電局) from July 1980 to March 1986; served as deputy secretary, member, deputy secretary of the Party Committee and secretary to the Party Committee of Guangzhou Power Supply Bureau from September 1987 to November 1992; served as deputy bureau chief (at branch ranking) of the Guangzhou Power Industry Bureau (廣州電力工業局) from November 1992 to January 2002. Mr. Chen served as deputy general manager and member of the Party Committee of Guangdong Power Grid Corporation (廣東電網公司) from June 2005 to November 2007; served as director of market transaction department of China Southern Power Grid Limited Liability Company from November 2007 to December 2010 (during the period he was entitled to special allowance of the State Council on 2 February 2009); served as director of the marketing department and deputy chief economist of China Southern Power Grid Limited Liability Company from December 2010 to December 2014. Mr. Chen graduated from South China University of Technology in July 1980.



Mr. Cai Zihua (蔡梓華), aged 51. Mr. Cai was appointed as an employee representative Supervisor of the Company on June 12, 2015. Mr. Cai worked in the investment control branch of the engineering department and the cost branch of the finance department of Guangdong Nuclear Power Joint Venture Co., Ltd. from July 1987 to October 1992; served as an auditor and director of the audit department of CGNPC from July 1996 to December 2000. Mr. Cai served as manager of the finance department of CGN Datang Real Estate Co., Ltd. (中廣核大唐置業有限公司) while concurrently serving as chief financial officer of Shanghai Guangdong Nuclear Investment Corporation (上海廣核投資有限公司) and Shanghai Shengtang Properties Limited (上海盛唐置業有限公司) from December 2000 to December 2003; served as manager of the finance department of Yangjiang Nuclear Power Co., Ltd. (planned), manager of the finance department of Yangjiang Nuclear Power Co., Ltd., chief accountant of Yangjiang Nuclear Power Co., Ltd. and Taishan Nuclear Power Joint Venture Co., Ltd. from December 2003 to March 2012; served as chief accountant of Taishan Nuclear Power Joint Venture Co., Ltd. from March 2012 to November 2012. Mr. Cai also served as chief accountant of China Nuclear Power Engineering Co., Ltd. from November 2012 to August 2014, and he has been a director of the audit department of the Company since September 2014. Mr. Cai graduated from the Department of Industrial Economics of Shanghai University of Finance and Economics with a bachelor degree in Economics in June 1987. He was qualified as a certified senior auditors in December 1997.



Mr. Wang Hongxin (王宏新), aged 52. Mr. Wang was appointed as an employee representative Supervisor of the Company on June 12, 2015. Mr. Wang was a lecturer at the heating and ventilation system teaching and research department of the Heat, Energy and Environmental Engineering Faculty in the Tianjin Urban Construction Institute (天津城市建設學院) from March 1989 to March 1992; worked in the documentation office of the Guangdong Nuclear Power Joint Venture Co., Ltd. (廣東核電合營有限公司) from March 1992 to March 2003; worked in the documentation office of the technology department of Daya Bay Nuclear Power Operations and Management Co., Ltd. (大亞灣核電運營管理有限責任公司) from March 2003 to November 2005; served as deputy branch manager of the rules and procedures management office of the audit department of CGNPC from November 2005 to July 2007; served as deputy branch manager and branch manager of the party team working division of CGNPC from July 2007 to January 2011. Mr. Wang served as special duty director of the governance and business department of CGNPC from January 2011 to July 2011; served as the director of special duty and assistant general manager of the legal affairs department of CGNPC July 2011 to May 2014; served as the deputy general manager of the legal affairs department of the Company from May 2014 to February 2016; and has been the deputy director of Supervisory Committee of the Company since September 2015 up to now. Mr. Wang graduated from the Department of Engineering Physics of Tsinghua University with a bachelor degree in July 1986. In March 1989, he graduated from the Heat, Energy and Environmental Engineering Faculty in the Tianjin University with a master degree.

Senior Management



Mr. Gao Ligang (高立剛), aged 50, is the executive Director and the President of the Company. He was appointed as our executive Director and President on March 24, 2014. Mr. Gao has more than 27 years of experience in the nuclear power industry. He worked successively as the chairman of the board of directors and the general manager at Yangjiang Nuclear Power Co., Ltd. ("Yangjiang Nuclear") from December 2007 to October 2013. He also served as the general manager of Guangdong Taishan Nuclear Co., Ltd. (now known as "Taishan Nuclear Power Joint Venture Co., Ltd.") from December 2007 to October 2011, and has been the chairman of the board of directors of Taishan Nuclear since December 2007 up to now. Mr. Gao also served as the deputy general manager of CGNPC from April 2011 to March 2014. Mr. Gao obtained a bachelor of engineering degree in power system and automation from Huazhong University of Science and Technology (formerly known as Huazhong Institute of Technology) in July 1985 and a master of engineering in power system and automation from North China Institute of Electric Power (華北電力學院) in January 1988. Mr. Gao is entitled to special allowance of the State Council. Mr. Gao was accredited as a professorship-level senior engineer by CGNPC in December 2001.



Mr. Yue Linkang (岳林康), aged 60, is the Chief Financial Officer of the Company. He was appointed as our Chief Financial Officer on March 24, 2014. Mr. Yue worked successively as deputy chief accountant, chief accountant and chief economist at CGNPC from January 2003 to May 2014. Mr. Yue graduated from Tsinghua University (清華大學) with a bachelor of engineering degree in reactors in July 1982 and obtained a master of engineering degree in industrial management engineering from Tsinghua University in December 1984. Mr. Yue has been serving as the executive councilor of the seventh council of the Shenzhen Accounting Association since December 2008 up to now and as deputy chairman of experts panel of nuclear energy branch under China Electric Power Development Promotion Commission since August 2014 up to now. Mr. Yue was accredited as senior economist and senior accountant by CNNC and the third Assessment Committee of Senior Accountant Qualification of Guangdong Province in September 1994 and December 2002, respectively.

Board of Directors, Supervisory Committee and Senior Management



Mr. Shu Guogang (束國剛), aged 51, is the Vice President of the Company. He was appointed as our Vice President on March 24, 2014. Mr. Shu worked as general manager at CNPRI from August 2007 to June 2008. He was the general manager of the CGN Engineering from September 2008 to December 31, 2015. He has been served as the general manager of the Investment and Development Department of CGNPC since January 1, 2016. Mr. Shu graduated from University of Science and Technology Beijing (formerly known as Beijing Iron and Steel Institute (北京鋼鐵學院)) with a bachelor of engineering degree in metallic materials in July 1984 and a master of engineering degree in metallic materials and heat treatment in December 1987 and a doctor of engineering degree in high voltage and insulation technology from Wuhan University (武漢大學) in June 2004. Mr. Shu was accredited as a researcher-level senior engineer by the Ministry of Electric Power Industry in May 1999.



Mr. Su Shengbing (蘇聖兵), aged 53, is the Vice President of the Company and the general manager of the nuclear operation unit. He was appointed as our Vice President on March 24, 2014. Mr. Su served as deputy general manager at Liaoning Hongyanhe Nuclear Power Co., Ltd. from August 2006 to May 2010, as deputy director of the general office and director of the research center at CGNPC from May 2010 to June 2011, and as deputy general manager at GNIC from June 2011 to September 2012. Mr. Su has been the general manager of China Nuclear Power Operations Co., Ltd. since September 2012 up to now. He has also served as the chairman of the board of directors of Daya Bay Nuclear Power Operations and Management Co., Ltd. and GNPJVC since January 1, 2016 up to now. Mr. Su graduated from Xi'an Jiao Tong University (西安交通大學) with a bachelor of engineering degree in nuclear reactor engineering in July 1982 and a master of engineering degree in industrial engineering from Huazhong University of Science and Technology (華中科技大學) in June 2008. Mr. Su was accredited as a researcher-level senior engineer by China Guangdong Nuclear Power Holding Co., Ltd. (now known as CGNPC) in December 2002.



Mr. Fang Chunfa (方春法), aged 46, is the Board Secretary. He was appointed as our Board Secretary on March 24, 2014 and the Company Secretary on April 15, 2014. Mr. Fang worked successively as secretary to the board, deputy branch manager, branch manager, assistant of manager, deputy manager of the administration department, deputy manager and manager of the strategic & business department at DNMC from March 2003 to August 2011, and as the director of the research center of CGNPC from August 2011 to May 2014. He was the general manager of investor relations department from May 2014 to February 2016, and has served as the general manager of strategies and planning department of the Company since February 2016 up to now. Mr. Fang graduated from Beijing Foreign Studies Institute (北京外國語學院) with major in English language in July 1989, and obtained a master of business administration degree from Huazhong University of Science and Technology (華中科技大學) in June 2009. Mr. Fang was accredited as a senior engineer by China Guangdong Nuclear Power Holding Co., Ltd. (now known as CGNPC) in December 2003.

Note : Ages shown in the above personal information are calculated as at December 31, 2015.



From left to right
Front row : Yue Linkang, Gao Ligang
Back row : Fang Chunfa, Shu Guogang, Su Shengbing

Corporate Governance Report

Brief Introduction to the Corporate Governance Code of CGN Power

The Company strives to maintain a high level of corporate governance to ensure the realisation of the Company's strategy, to protect the interests of shareholders and to enhance enterprise value. The Company has complied with the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Listing Rules") (hereinafter referred to as the "Hong Kong Stock Exchange Code"). The Hong Kong Stock Exchange Code sets out the principles of good corporate governance and two levels of recommendations:

- With respect to code provisions: companies shall duly comply with, and give reasonable explanations for any deviations from, the code provisions; and
- With respect to recommended best practices: for guidance only and companies are encouraged to comply with, and give explanations for any deviations from the recommended best practices.

The Board approved the Corporate Governance Code of CGN Power Co., Ltd. (First Edition) (hereinafter referred to as the "Corporate Governance Code of the Company") on November 18, 2014. The Corporate Governance Code of the Company covers the basic requirements of the Hong Kong Stock Exchange Code and in many aspects exceeds the standards of its recommended best practices. During this year, the Company had complied with all code provisions contained in the Hong Kong Stock Exchange Code. Moreover, only one of the recommended best practices (namely, a listed company should announce and release reports on quarterly results) had not been adopted by the Company. However, we released the company's quarterly on-grid power generation and published quarterly brief reports on operation of the Company since 2016. During the end of each quarter, we publish quarterly financial statement for the

domestic market according to the requirement of the local debt securities market. At the same time, we also publish overseas regulation announcement on the website of the Stock Exchange to disclose the quarterly financial position on the basis of the PRC accounting rules, and to appropriately indicate the differences from that by the International Accounting Standards. Through reporting and delivering sufficient information and data to shareholders, we endeavor to reduce costs and enhance efficiency for the benefits of shareholders. We will review the above considerations and practices should we receive any suggestions and feedback from our shareholders. We will continue to deliver reports to shareholders in a comprehensive and timely manner through various channels, such as all kinds of periodic reports and the Company website.

The Corporate Governance Code of the Company is not only in compliance with all code provisions of the Hong Kong Stock Exchange Code but exceeds the recommended best practices in the Hong Kong Stock Exchange Code. In 2015, we selected various H-share listed companies as our peer benchmark companies. We conducted the comparison and self-assessment on the corporate governance among aspects such as shareholder relations, the operation of the Board, the operation of the Supervisory Committee, management and staff, internal control and risk management, corporate governance procedures and information disclosure management. Though setting this benchmark and assessment, we consider that the Company upholds a good level for the overall corporate governance and they are shown as follows:

- We have formulated the corporate governance code, which was adopted by the Board after discussion and taking into consideration of the internal and external parties relating to our corporate governance to define our corporate governance framework. The Corporate Governance Code of the Company emphasizes on the effectiveness of corporate governance.
- Our procedures for convening general meetings (such as the notice period for convening a general meeting) are subject to the stricter requirements of the PRC laws and regulations.

- We have entered into service contracts with our Directors as well as our Supervisors, which define their respective rights, obligations and responsibilities, particularly the duties of independent non-executive Directors and executive Director.
- The coverage of the Directors' liabilities insurance we have purchased has been extended to all our subsidiaries, including major affiliated companies. The maximum indemnity of the insurance policy for the first renewal in 2015 has a significant increase compared to the last indemnity.
- The Company shall disclose in its annual reports the compliance by its controlling shareholder of its undertakings under the non-competition deed.
- The Company has formulated its Code for Securities Transactions by Directors and Specific Persons on terms no less strict than the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 to the Listing Rules and its coverage is extended to other "specific persons", including our Supervisors and senior management.
- Pursuant to our Code for Securities Transactions by Directors and Specific Persons, our Directors and specific persons shall notify the Company in writing in a timely manner and follow strict approval procedures before they deal in the securities of the Company. In addition to disclosing Directors' interests and confirming their compliance with such code, we also disclose the interests of our Supervisors and Chief Executive Officer in our securities and their confirmation of compliance with such code.
- According to the features of the industry, we have established the Nuclear Safety Committee under the Board of Directors, which enables us to enhance the effort on nuclear safety and management for the Company.
- The Nomination Committee of the Board has established the board diversity policy with indicators, set up the standards of the board composition and the quantified indicators for Directors' performance.
- We set up early schedules for the board meetings, specialized committee meetings, supervisory meetings, trainings for supervisors and inspection planning throughout the year.
- We have reported the information on operation and production of the Company to the Board in a timely manner. For example, we report the operation and management situation of the Company during each board meeting on a regular basis, the content includes the attainment of the Company's business indicators, safety and quality performance, business and operation, in order to enable the Directors to have a full acknowledgement on the operation and safety aspects of the Company.
- We have established various channels to ensure relevant requirements from the Board to be timely delivered and implemented. For example, we distribute the documents regarding the resolutions and after-meeting implementation lists of the board meeting within one working day after the conclusion thereof, and complete and despatch the board minutes to Directors for approval within ten working days. We will follow up the implementation of actions from the board meeting, and the status of the implementation of such items will be reported to the Board at the next board meeting.

Corporate Governance Report

- We regularly convene a Supervisory Committee meeting after each board meeting, in order to let the Supervisory Committee monitors and expresses opinion on the matters reviewed by the Board, and to timely deliver opinions to the Board.
- We have adopted International Standards - International Integrated Reporting Council (IIRC) (Integrated Reporting Approach) to prepare for the 2014 Annual Report, whereas we are the first Mainland enterprise using this reporting approach. Such reporting approach can provide shareholders' with more non-financial information.
- We have prepared and reported to the management on our quarterly connected transactions, and have annually prepared and reported to the management on our annual connected transactions. Letter from independent directors will be signed by independent non-executive directors on the approved connected transactions authorized by the Board.

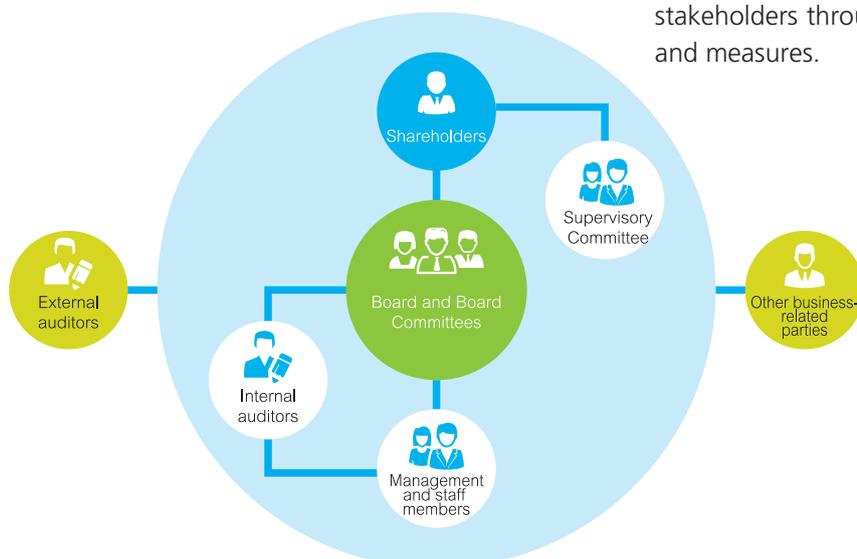
We will add financial and industrial information to the monthly information provided to the Board since 2016, so as to enable the Directors to capture the existing condition of the Company and the industry. We will further strengthen our communication with the shareholders by actively and timely deliver the Company information to the them.

Corporate Governance Framework

The corporate governance framework of CGN Power is designed to safeguard the interests of shareholders and it involves all the key participants in the corporate governance practices of the Company, reflecting the ways in which they relate to each other and their roles and functions in corporate governance.

Our internal governance structure comprises mainly our shareholders, the Board and the Board Committees, Supervisory Committee, our internal auditors and our management and staff. External auditors conduct independent review and assessment on the governance of the Company which help us continuously optimize our internal governance. Meanwhile, the interactions between the Company and other business-related parties, including customers, partners, social environment and regulators, also reflect the effectiveness of our corporate governance. We are fully aware of our significant corporate and social responsibilities as a public company and we need to constantly follow the best corporate governance practices.

The Corporate Governance Code of the Company is formulated based on the above corporate governance framework and describes how we ensure our corporate governance standards can meet the expectations of our shareholders and other stakeholders through a series of systems, procedures and measures.



Overview of Regulatory Documents on Governance and Key Rules and Regulations

On March 24, 2014, the articles of association of CGN Power Co., Ltd. (hereinafter referred to as the “Articles of Association”) were approved at the inaugural meeting and the first general meeting of the Company. On March 25, 2014, the Company was formally incorporated and, pursuant to the Articles of Association, the Company approved and passed a series of documents with regard to corporate governance, including Procedural Rules of General Meeting of CGN Power Co., Ltd.. Based on this situation, on March 18, 2015, the Board of the Company approved to establish the Nuclear Safety Committee of the Board and set up the Terms of Reference for the Nuclear Safety Committee of the Board. In addition, although the amendments of the risk management and internal control under the Stock Exchange Code are effective for an accounting period that begins on or after January 1, 2016, the Company has re-conducted a review on the functions and responsibilities for the Audit Committee according to the above revised requirements in 2015 and approved the amendments to the Terms of Reference for the Audit Committee of CGN Power Co., Ltd. by the tenth meeting of the first session of the Board on November 5, 2015. The amendments indicate the functions and responsibilities on reviewing risk management and internal control by the Audit Committee, and supplement and refine the content of risk management section. The general meeting, the Board and the specialized committees, the Supervisory Committee operate independently and effectively in accordance with the Articles of Association and their respective procedural rules.

As of the end of 2015, our regulatory documents on governance and key rules and regulations include:

- Articles of Association of CGN Power Co., Ltd.*
- Procedural Rules of General Meeting of CGN Power Co., Ltd.*
- Procedural Rules of Board of Directors of CGN Power Co., Ltd.* (the “Procedural Rules of Board of Directors”)
- Procedural Rules of Supervisory Committee of CGN Power Co., Ltd. (the “Procedural Rules of Supervisory Committee”)

- Provisions on the Corporate Governance Authorization of CGN Power Co., Ltd. (the “Provisions on the Corporate Governance Authorization”)
- Terms of Reference for the Audit Committee of CGN Power Co., Ltd.*
- Terms of Reference for the Remuneration Committee of CGN Power Co., Ltd.*
- Terms of Reference for the Nomination Committee of CGN Power Co., Ltd.*
- Terms of Reference for the Nuclear Safety Committee of CGN Power Co., Ltd.*
- Board Diversity Policy of CGN Power Co., Ltd.*
- Management Rules on Information Disclosure of CGN Power Co., Ltd.
- Management Measures on Inside Information and Insiders of CGN Power Co., Ltd.
- Management Rules on Investor Relations of CGN Power Co., Ltd.
- Management Rules on Connected Transactions of CGN Power Co., Ltd.
- Management Rules on Comprehensive Risk Management of CGN Power Co., Ltd.
- Management Rules on Internal Auditing of CGN Power Co., Ltd.

* Disclosed at the website of the Hong Kong Stock Exchange or the website of the Company.

Corporate Governance Report

Major amendments to the Articles of Association

On June 12, 2015, amendments to the Articles of Association have been passed on the AGM of the Company, which are mainly related to the following aspects:

Article Number	Content Before Amendments	Content After Amendments
Article 17	<p>The Company, with the approval of China Securities Regulatory Commission dated 3 November 2014, issued to Foreign Investors 9,707,500,000 Overseas-Listed Foreign-Invested Shares (out of these, 8,825,000,000 shares were newly issued shares of the Company. The promoters transferred 882,500,000 shares of the Company they held to the National Council for Social Security Fund, which were converted into Overseas-Listed Foreign-Invested Shares), which were listed on the Hong Kong Stock Exchange on 10 December, 2014.</p> <p>The existing structure of the Company's share capital is as follows: all shares are ordinary shares with 44,125,000,000 shares in total, out of these, 29,289,292,000 shares representing 66.38% of the total number of issued ordinary shares of the Company are held by the promoter, China Guangdong Nuclear Power Group Co., Ltd.; 3,441,750,000 shares representing 7.80% of the total number of issued ordinary shares of the Company are held by Guangdong Hengjian Investment Holding Co., Ltd.; 1,686,458,000 shares representing 3.82% of the total number of issued ordinary shares of the Company are held by China National Nuclear Corporation; 9,707,500,000 shares representing 22.00% of the total number of issued ordinary shares of the Company are held by holders of Overseas-Listed Foreign Shares.</p>	<p>The Company, with the approval of China Securities Regulatory Commission dated 3 November 2014, issued to Foreign Investors 11,163,625,000 Overseas-Listed Foreign-Invested Shares (out of these, 10,148,750,000 shares were newly issued shares of the Company. The promoters transferred 1,014,875,000 shares of the Company they held to the National Council for Social Security Fund, which were converted into Overseas-Listed Foreign-Invested Shares), which were listed on the Hong Kong Stock Exchange on 10 December 2014.</p> <p>The existing structure of the Company's share capital is as follows: all shares are ordinary shares with 45,448,750,000 shares in total, out of these, 29,176,641,375 shares representing 64.20% of the total number of issued ordinary shares of the Company are held by the promoter, China Guangdong Nuclear Power Group Co., Ltd.; 3,428,512,500 shares representing 7.54% of the total number of issued ordinary shares of the Company are held by Guangdong Hengjian Investment Holding Co., Ltd.; 1,679,971,125 shares representing 3.70% of the total number of issued ordinary shares of the Company are held by China National Nuclear Corporation; 11,163,625,000 shares representing 24.56% of the total number of issued ordinary shares of the Company are held by holders of Overseas-Listed Foreign Shares.</p>
Article 20	<p>The registered capital of the Company is RMB35.3 billion.</p>	<p>The registered capital of the Company is RMB45,448,750,000.</p>
Article 122	<p>The Company shall have a supervisory committee. The supervisory committee shall compose of three supervisors, including one employee representative supervisor.</p>	<p>The Company shall have a supervisory committee. The supervisory committee shall compose of five supervisors, including two employee representative supervisor.</p>

Compliance with Domestic Regulatory Requirements

The Corporate Governance Code of the Company and the actual governance practice of the Company were in compliance with the PRC laws and regulations, the relevant regulatory requirements of the China's Securities Regulatory Commission ("CSRC") and the Hong Kong Stock Exchange and the Company will revise and update on a continuous basis as required by the laws and regulations and regulatory requirements in the future. As of the end of 2015, none of the Company, the Directors, Supervisors or senior management was subject to any administrative punishment, notice of criticism or blame.

Relationship with Controlling Shareholder

Independence from Controlling Shareholder

The Company has an independent and complete business system and is able to operate independently. We are independent from our controlling shareholder in respect of our business, employees, assets, institutions and finance.

Among nine Directors of the Company, only three non-executive Directors hold positions in CGNPC. In 2015, except Mr. Shu Guogang, our Vice President, acting as the general manager in the China Nuclear Power Engineering Co., Ltd. ("**CGN Engineering**"), one of the custodian target companies, none of the senior management holds positions in CGNPC.

While maintaining our independent and complete business system and independent operating ability, we will continue to regulate our connected transactions and decrease potential competition to maximize shareholders' interests. For example, during the resolution on the consideration of the renewal of Financial Services Framework Agreement on the seventh meeting of the first session of the Board, due to the constitution of connected transaction between the Company and the

controlling shareholders, CGNPC, as a result of such agreement, our Directors Zhang Shanming, Zhang Weiqing and Shi Bing (as the representative directors of the controlling shareholder) abstained from voting on this resolution.

Particulars of Horizontal Competition

We entered into a custodian management framework agreement with CGNPC on April 28, 2014, pursuant to which the Group will provide certain custodian services and exercise rights or powers over the custodian target companies which currently remain within the CGNPC, including Guangxi Fangchenggang Nuclear Power Co., Ltd. (廣西防城港核電有限公司), CGN Lufeng Nuclear Power Co., Ltd. (中廣核陸豐核電有限公司), Xianning Nuclear Power Co., Ltd. (咸寧核電有限公司), Hubei Nuclear Power Co., Ltd. (湖北核電有限公司), CGN Engineering, on behalf of CGNPC. We entered into supplementary agreements with CGNPC twice in 2015.

1. On April 5, 2015, we entered into the Agreement Supplemental to the Entrusted Management Framework Agreement with CGNPC, pursuant to which CGN Huizhou Nuclear Power Co., Ltd. (中廣核惠州核電有限公司) ("**Huizhou Nuclear Power**") was included under the scope of the entrustment. Huizhou Nuclear Power was included as a project company under the retained business of CGNPC before our listing. Based on the project progress, we accept to manage Huizhou Nuclear Power according to the Entrusted Management Framework Agreement.

Corporate Governance Report

- On October 29, 2015, we entered into the Agreement Supplemental to the Entrusted Management Framework Agreement II with CGNPC, pursuant to which CGN Cangnan Nuclear Power Co., Ltd. (中廣核蒼南核電有限公司) (“**Cangnan Nuclear Power**”) and CGN Ocean Power Co., Ltd. (中廣核海洋能源有限公司). One of the entrusted target companies CGN Engineering was responsible for the preliminary work of Cangnan Nuclear Power. Based on the project progress, we (as the entrusted management) suggested CGNPC to establish a project company and to let the Group provide entrusted management advice to the project company. CGNPC has agreed the Group’s suggestion and established Cangnan Nuclear Power. Marine energy is one of the important direction for the future nuclear power development. By considering the preliminary stage of the project, the Group suggested CGNPC to establish a project company and to let the Group provide entrusted management advice to the project company. CGNPC has agreed the Group’s suggestion and established CGN Marine Energy Co., Ltd..

In order to limit potential competition between CGNPC and its subsidiaries (our Company excluded, and CGNPC’s associates included for purposes of the connected transactions) (“**CGN Group**”) and the Group, we and CGNPC have entered into a non-competition deed prior to the Listing, pursuant to which CGNPC has given certain non-competition undertakings to the Company (for itself and for the benefits of other members of the Group), to the effect that it would not, and it would procure that its associates and connected persons (other than any members of the Group) do not and would not, directly or indirectly, whether on its own account or in conjunction with or on behalf of any person, firm or company among other things, carry on, participate, be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise be involved, whether for profit, reward or otherwise), any restricted business (other than the disclosed retained business of CGN Group in the Prospectus) during the agreed restricted period. Only the independent non-executive Directors may participate

in deciding whether or not to accept any new business opportunity. In addition, in order to avoid potential competition between CGN Group and the Group for certain nuclear power projects retained by the former, we have obtained the right to acquire and the pre-emptive right regarding the retained business to better protect the interests of the Group.

As of the date of this Annual Report, the Company has acquired Taishan Nuclear project pursuant to the executed relevant agreements. In addition, CGNPC has sent a notification to the Company regarding the new business opportunity, which are a nuclear power station construction project located in the UK (the “**UK Project**”). Three independent non-executive Directors of the Company have decided in writing that the Company will not exercise the option to participate in the new business opportunity at this stage, that is non-participation in the UK Project. Please refer to the announcement dated March 1, 2016 for details. The independent non-executive Directors will closely monitor the performance of CGNPC under the non-competition deed and the management of the Company will report to the Board on the relevant matters as and when appropriate. CGNPC confirmed that no default of non-competition deed has been found during this reporting period.

Shareholders

Shareholders’ Rights

Shareholders’ rights are based on certain laws and regulations, such as the Company Law of the PRC, the Hong Kong Companies Ordinance and the Listing Rules. Detailed descriptions on major rights of the shareholders are set out in the Corporate Governance Code of the Company, which mainly include:

- receiving dividends and other kinds of profit distribution in proportion to their respective shareholding;
- attending or appointing proxies to attend and voting at general meetings;
- supervising the Company’s operating activities and making suggestions or inquiries;

- transferring shares in accordance with the laws, administrative regulations and the Articles of Association;
- requesting for the relevant information of the Company in accordance with the laws, administrative regulations and the Articles of Association.

To protect shareholders' interests and rights, the Company will submit separate resolutions in respect of all matters (including the election of specific Director or Supervisor) at general meetings of the Company.

All resolutions tendered at the general meetings will be subject to voting by way of poll in accordance with the Listing Rules, the poll results will be published timely on the websites of the Company and the Hong Kong Stock Exchange after the end of the general meetings.

The Company is of the view that effective communication with investors is of utmost importance in enhancing investor relations and understanding of the Group's business, performance and strategies by the investors. The Company also firmly believes in the importance of timely and adequate disclosure of the Company's information to shareholders and investors for making informed investment decisions. For the policies and methods of communication with shareholders and investors please refer to the section "Shareholders' Value". In order to facilitate effective communication, the Company has adopted the Shareholders Communication Policies for the purpose of establishing mutual relationship and communication between the Company and the shareholders, and a website has been set up (www.cgnp.com.cn). The Company will publish the latest information, financial information, corporate governance practice and other information about its business operations and developments on the website for viewing by the public.

The annual general meeting of the Company provides an opportunity for shareholders and Directors to communicate directly. The Chairman of the Company and the chairmen of various Board Committees of the Company will attend the annual general meeting and reply to questions raised by shareholders. The external auditors of the Company will also attend the annual general meeting and reply to questions about audit practices, preparation and contents of the auditor's report, accounting policies and independence of auditors.

Convening Extraordinary General Meetings and Submission of Proposals

According to the Articles of Association, shareholders who individually or jointly hold 10% or more of the voting shares of the Company may request for the convening of an extraordinary general meeting. The relevant request may be proposed in writing to the Board requesting the Board to convene an extraordinary general meeting to deal with the matters specified in the request. The relevant extraordinary general meeting shall be held within two months after such request has been made.

According to the Articles of Association, shareholders who individually or jointly hold more than 3% of the shares of the Company may submit a proposal to the Board in writing 10 days before the date of the general meeting. The Board shall notify other shareholders within 2 days of receiving the proposal and include it for consideration at the general meeting. The written proposal shall be addressed to the Board at the headquarters in the PRC.

Further details about the procedures for shareholders to convene and put forward proposals at any general meeting are available on the Company's website.

Corporate Governance Report

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could email their enquiries to the email address: IR@cgnpc.com.cn.

Shareholdings

Total number of registered shareholders

Unit: accounts

	As of December 31, 2014	As of December 31, 2015
Total number of registered shareholders	6,741	4,213
Registered shareholders of H shares	6,738	4,210

Shareholder structure

Nature of shares	Shareholders	Number of shares held (shares)	Approximate percentage of the Company's total issued shares (%)
Domestic shares	CGNPC	29,176,641,375	64.20
	Hengjian Investment	3,428,512,500	7.54
	CNNC	1,679,971,125	3.70
H shares	CLP Nuclear Power Company Limited	142,434,000	0.31
	National Council for Social for Security Fund ("NSSF")	1,014,875,000	2.23
	GIC Private Limited	579,748,000	1.28
	BlackRock, Inc.	570,978,133*	1.26
	Shareholders of other issued and sold H shares	8,855,589,867	19.48

* BlackRock, Inc. is regarded as holding 570,978,133 H shares in long positions and 21,886,000 H shares in short positions (including 3,592,000 H shares in short positions pursuant to equity derivatives)

The Hong Kong Stock Exchange has granted us a waiver from strict compliance with the requirements under the Rule 8.08(1)(d) of the Listing Rules. As described in the section headed "Waivers from Strict Compliance with the Listing Rules" of the Prospectus, the minimum public float of the Company is 24.25%. Our current minimum public float meets the requirements.

General Meetings

Pursuant to the Articles of Association, general meetings are divided into annual general meetings (“AGM”) and extraordinary general meetings (“EGM”). General meetings shall be convened by the Board. AGM is held once every year and within six months from the end of the preceding accounting year.

The Board shall convene an EGM within two months after the occurrence of any of the following events:

- where the number of Directors is less than the number stipulated in the PRC Company Law or less than two-thirds of the number specified in the Articles of Association;
- where the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;
- where shareholder, or shareholders who individually or jointly hold, 10% or more of the Company’s issued voting shares make request(s) in writing for convening of an EGM;
- whenever deemed necessary by the Board or as requested by the Supervisory committee;
- other circumstances provided for by relevant laws, administrative regulations, regulations of the authorities and the Articles of Association.

The shareholdings referred to in item 3 above shall be calculated on the basis of the number of shares held as of the date of written request from the shareholders.

In 2015, we held one general meeting, which was the 2014 AGM held in Hong Kong on June 12, 2015. The total number of shares represented was approximately 39.9 billion, accounted for 87.77% of total share capital. All resolutions were passed on the 2014 AGM.



Corporate Governance Report

The resolutions considered and passed at the annual general meeting include:

by Ordinary Resolution:

- Report of the Board of Directors for the year 2014
- Report of the Supervisory Committee for the year 2014
- 2014 Annual report
- Audited financial report for the year 2014
- Profit distribution plan for the year 2014
- Investment plan and capital expenditure budget for the year 2015
- Re-appointment of auditors for the year 2015
- Remuneration of Directors and Supervisors for the year 2015
- Proposal on renewal of the Directors' Liabilities Insurance
- Appointment of Supervisors
- H Share Appreciation Rights Scheme
- Continuing connected transaction and discloseable transactions - renewed Financial Services Framework Agreement and annual caps

by Special Resolution:

- Amendments to the Procedural Rules of Board of Directors
- Amendments to the Procedural Rules of Supervisory Committee
- Amendments to the Articles of Association
- the grant of a general mandate to issue shares

We are serious about the organization and convening of each general meeting. All Directors attended the AGMs, with the presence of witnessing lawyer(s). The Chairman of the Company and the chairmen of each Board Committees of the Company attended the AGMs and replied to questions raised by shareholders. The external auditors of the Company also attended the AGMs and replied to questions about audit practices, preparation and contents of the auditors' report, accounting policies and independence of auditors. All of our Directors attended the 2014 AGM. Since there was a resolution regarding the renewal of financial services framework agreement, the independent financial advisor engaged by the Company also attended the AGM to replied to questions about connected transactions. The 2015 AGM is expected to be held in May 2016.

Board of Directors

Composition of the Board of Directors

We fully recognize the benefits of diversity in Board members to the development of the Company and were committed to establishing a board with members with a diverse background in the election of Directors for the first session of the Board. The Board of the members formulated the Board Diversity Policy and delegated the Nomination Committee to review the policy on a regular basis. Differentiation and diversity in many aspects, such as professional skills, industry experience, ages and qualifications, are reflected in the composition of the members of this session of the Board. Pursuant to the Articles of Association, the Board of the Company comprises nine Directors, among which, except for Mr. Gao Ligang, being a Director and the President of the Company, all the remaining Directors are non-executive Directors who are independent of our management, including three independent non-executive Directors. Each of the independent non-executive Directors has confirmed that he is independent of the Company, thereby contributing to critical review and control of management process.

The Board comprises Zhang Shanming (張善明) (Chairman of the Board and non-executive Director), Gao Ligang (高立剛) (executive Director), Zhang Weiqing (張煒清) (non-executive Director), Shi Bing (施兵) (non-executive Director), Xiao Xue (肖學) (non-executive Director), Zhuo Yuyun (卓宇雲) (non-executive Director), Na Xizhi (那希志) (independent non-executive Director), Hu Yiguang (胡裔光) (independent non-executive Director) and Francis Siu Wai Keung (蕭偉強) (independent non-executive Director). The Directors of the Company have extensive experience in management in the power industry, financial and accounting management, legal, auditing and other fields, respectively. The Directors are fully aware of their responsibilities, rights and obligations, and will perform their duties with truthfulness, integrity and diligence.

In order to improve the decision making body and its scientificity and raise the quality of substantial decisions, the Board has established four specialized Committees, namely the Audit Committee, Remuneration Committee, Nomination Committee and Nuclear Safety Committee according to the Hong Kong Stock Exchange Code and the Board has delegated the responsibilities to these specialized Committees as set out in their respective terms of reference. The chairmen of the Audit Committee, Remuneration Committee and Nomination Committee are independent non-executive Directors and the independent non-executive Directors are the majority of these committees. The Nuclear Safety Committee is chaired by our chairman Zhang Shanming. The Board has at all times complied with the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules for the year 2015 that at least three independent non-executive Directors have been appointed. Among them, at least one independent non-executive Director must have appropriate professional qualification or professional knowledge of accounting or professional knowledge related to financial management.

Each of the independent non-executive Directors has confirmed his independence according to Rule 3.13 of the Listing Rules, and all of them are considered as independent parties by the Company.

Since provisions of the Hong Kong Stock Exchange Code require Directors to disclose the number and nature of positions held in listed companies or entities and other material commitments, and their identities and duration of employment with the issuer, therefore, the Directors have agreed to disclose their relevant information timely to the Company.

Please refer to "Board of Directors, Supervisory Committee and Senior Management" set out on page 80 of this Annual Report for the biographical details of all Directors. Except for those disclosed in the section, none of other information relating to the relationship between Director and Supervisor and other Directors, Supervisors and senior management shall be disclosed according to the Hong Kong Stock Exchange Code.

Corporate Governance Report

The Board has set up the Procedural Rules of Board of Directors, which specify the terms of reference of the Board and procedures for the Board meetings, etc., and also set out special arrangements for voting on resolutions regarding major connected transactions and contracts. Directors shall not vote on any contract, transaction, arrangement or proposal in which he/she or any of his/her associates is materially interested, nor shall his/her be counted in the quorum. Where the number of the Directors who can vote on this matter is less than three, such issue shall be submitted to a general meeting for voting. In addition, the independent non-executive Directors shall provide independent opinions in accordance with laws and regulations and the Listing Rules. The Company will strictly review each resolution proposed at the Board meetings to find out whether there is any conflict of interest that requires Directors to abstain from voting and remind all Directors for confirmation before meetings. For example, for the resolution on the approval of disposing the equity of Baoyin Company by R&D institution and signing the Equity Transfer Agreement on the ninth meeting of the first session of the Board, due to the constitution of one-off connected transaction between the Company and the controlling shareholders, CGNPC, as a result of such agreement, Directors, Zhang Shanming, Zhang Weiqing and Shi Bing (as the representative directors of the controlling shareholder) abstained from voting on this resolution.

Duties of the Board

As the operating decision-making body of the Company, the Board performs its duties in accordance with the provisions set out in the Articles of Association. The Board is responsible for overall leadership of the Company and is responsible to the general meeting. The Board reports its work to the general meeting, implements the resolutions resolved at the general meeting. The Board has delegated the powers and responsibilities for daily management and operation of the Company to the senior management of the Company.

All Directors of the Company are aware of their joint responsibility for the Company's operations, business and development, and perform their duties in accordance with the provisions of the service contract and the Corporate Governance Code of the Company. All Directors must ensure that they have complied with the applicable laws and regulations, and devote sufficient time and efforts to handle the affairs of the Company, to act with integrity, prudence and skills and to assume their respective responsibilities. The major responsibilities of the Board include:

- formulating strategic guideline of the Company;
- developing working targets of the Board;
- evaluating the performance of the management;
- ensuring the Company to implement a prudent and effective regulatory framework to evaluate and manage risks;
- performing the function of corporate governance for the Company or arrange one or more committees to perform related duties;
- authorizing dedicated committees to perform the specific responsibilities in accordance with the Procedural Rules of Board of Directors and the terms of reference of the Board Committees.

The main corporate governance duties of the Board include:

- developing and reviewing the policies and practices regarding the corporate governance of the Company;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the rules regarding code of conduct applicable to employees and Directors;
- reviewing the Company's compliance with the Corporate Governance Code of the Company and the Hong Kong Stock Exchange Code and the disclosure in the Corporate Governance Report.

Delegation by the Board

The Board retains the power to decide on all material matters pertaining to the Company, including: approval and supervision on all policy matters, overall strategies and budgets, internal control and risk management system, material transactions (in particular those possibly involve conflict of interests), financial information and other major financial and operation matters. The Directors may seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and consult with the Company's senior management independently.

The daily management, administration and operation of the Company are delegated to the senior management. The delegated functions and responsibilities will be reviewed by the Board on a regular basis.

Board Committees

The Board established four committees with specific terms of reference, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Nuclear Safety Committee. The specialized committees shall conduct study on specific matters and furnish advice and recommendations thereon as a reference for the Board in its decision-making.

Corporate Governance Report

Audit Committee

Please refer to the “Report of Audit Committee” set out on page 129 of this Annual Report for details of the Audit Committee, including its composition, duties and responsibilities and annual work summary.

Remuneration Committee

Please refer to the “Report of Remuneration Committee” set out on page 132 of this Annual Report for details of the Remuneration Committee, including its composition, duties and responsibilities, annual work summary, remuneration policies and remuneration of the Directors, Supervisors and senior management for 2015.

Nomination Committee

Please refer to the “Report of Nomination Committee” set out on page 134 of this Annual Report for details of the Nomination Committee, including its composition, duties and responsibilities and annual work summary.

Nuclear Safety Committee

Please refer to the “Report of Nuclear Safety Committee” set out on page 135 of this Annual Report for details of the Nuclear Safety Committee, including its composition, duties and responsibilities and annual work summary.

Particulars of Board Meetings

The Company has adopted the practice of holding Board meetings on a regular basis. The Company set out the next year's meeting schedule one year in advance. The notice of regular Board meeting and the meeting documents signed and issued by the management or chairmen of specialized Board Committees will be sent to all Directors at least 14 days prior to the date of convening the meeting to enable them to attend the meeting, have sufficient time to familiarize themselves with the meeting content and decision-making matters and include relevant matters for consideration in the agenda.

During the reporting period, we convened a total of 5 Board meetings. The convening and voting procedures of such meetings were all in compliance with the requirements under the Articles of Association and the Procedural Rules of Board of Directors. Details of the meetings are as follows:

No.	Name of meeting	Date	Mode
1	Sixth meeting of the first session of the Board of Directors	January 8, 2015	Physical
2	Seventh meeting of the first session of the Board of Directors	March 18, 2015	Physical
3	Eighth meeting of the first session of the Board of Directors	June 11, 2015	Physical
4	Ninth meeting of the first session of the Board of Directors	August 19, 2015	Physical
5	Tenth meeting of the first session of the Board of Directors	November 5, 2015	Physical

All resolutions proposed at above meetings were approved. Major resolutions considered and approved by the Board during this Reporting Period include:

- Resolution on Approval of 2015 Operational Plan of CGN Power Co., Ltd.
- Resolution on Approval of 2015 Internal Audit Plan of CGN Power Co., Ltd.
- Resolution on Approval of 2015 Comprehensive Risk Management Report of CGN Power Co., Ltd.
- Resolution on Approval of Establishing Independent Safety, Monitoring and Assessment Centre for Nuclear of CGN Power Co., Ltd.
- Resolution on Approval of Accounting System (First Edition) of CGN Power Co., Ltd.
- Resolution on Approval of Board Diversity Policy of CGN Power Co., Ltd.
- Resolution on Approval of 2014 On-grid Power Generation Announcement of CGN Power Co., Ltd.
- Resolution on Approval of 2014 Corporate Governance Report
- Resolution on Approval of 2014 Internal Control Assessment Report of CGN Power Co., Ltd.
- Resolution on Approval of Comprehensive Risk Management Report of CGN Power Co., Ltd.
- Resolution on Approval of establishing the Nuclear Safety Committee
- Resolution on Election of members of the Nuclear Safety Committee
- Resolution on Approval of Terms of Reference for the Nuclear Safety Committee of CGN Power Co., Ltd.
- Resolution on Approval of the 2015 Remuneration Plan for the Chief Financial Officer and other Senior Management of CGN Power Co., Ltd.
- Resolution on Approval of the 2015 Performance Assessment of the President
- Resolution on Approval of the 2015 Performance Assessment of Chief Financial Officer and other Senior Management
- Resolution on Approval of 2015 Internal Control Assessment Plan of CGN Power Co., Ltd.
- Resolution on Approval of Disposal of the Equity of Baoyin Company by the R&D Institution and Signing of Equity Transfer Agreement
- Resolution on Approval of Non-payment of Interim Dividend by the Company for the Six Months Ended June 30, 2015
- Resolution on Approval of Publishing the Announcement of Connected Transaction - Disposal of 22.1% Equity Interests in Baoyin Company
- Resolution on Approval of Establishing Supervisory Department of the Company
- Resolution on Approval of Terms of Reference for the Audit Committee of CGN Power Co., Ltd.

Corporate Governance Report

Attendance of Directors at the Board Meetings, Board Committee Meetings and General Meetings

The table below shows details of attendance of Directors at the Board meetings, Board Committee meetings and general meetings during this reporting period.

Name	Position	Attendance/Frequency of Meetings					General Meeting
		Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Nuclear Safety Committee	
Zhang Shanming	Chairman of the Board and Non-executive Director, member of the Nomination Committee and Chairman of the Nuclear Safety Committee	5/5			1/1	2/2	1/1
Gao Ligang	Executive Director, President and member of the Nuclear Safety Committee	4/5 ⁽¹⁾				1/2 ⁽⁶⁾	1/1
Zhang Weiqing	Non-executive Director	4/5 ⁽²⁾					1/1
Shi Bing	Non-executive Director	5/5					1/1
Xiao Xue	Non-executive Director, member of the Remuneration Committee and member of the Nuclear Safety Committee	5/5		2/2		2/2	1/1
Zhuo Yuyun	Non-executive Director, member of the Audit Committee and member of the Nuclear Safety Committee	5/5	4/4			2/2	1/1
Na Xizhi	Independent non-executive Director, Chairman of the Nomination Committee, member of the Audit Committee and member of the Nuclear Safety Committee	5/5	3/4 ⁽⁴⁾		1/1	2/2	1/1
Hu Yiguang	Independent non-executive Director, Chairman of the Remuneration Committee and member of the Nomination Committee	4/5 ⁽³⁾		2/2	0/1 ⁽⁵⁾		1/1
Francis Siu Wai Keung	Independent non-executive Director, Chairman of the Audit Committee and member of the Remuneration Committee	5/5	4/4	2/2			1/1

- (1) Gao Ligang, a Director, failed to attend the tenth meeting of the first session of the Board due to external training. He delegated in writing to Zhang Shanming, a Director, to attend and vote at such meeting on his behalf.
- (2) Zhang Weiqing, a Director, failed to attend the eighth meeting of the first session of the Board due to other business engagement. He delegated in writing to Shi Bing, a Director, to attend and vote at such meeting on his behalf.
- (3) Hu Yiguang, a Director, failed to attend the tenth meeting of the first session of the Board due to other business engagement. He delegated in writing to Na Xizhi, a Director, to attend and vote at such meeting on his behalf.
- (4) Na Xizhi, a Director, failed to attend the eighth meeting of the Audit Committee due to other business engagement. He delegated in writing to Francis Siu Wai Keung, a Director, to attend and vote at such meeting on his behalf.
- (5) Hu Yiguang, a Director, failed to attend the second meeting of the Nomination Committee due to other business engagement. He delegated in writing to Na Xizhi, a Director, to attend and vote at such meeting on his behalf.
- (6) Gao Ligang, a Director, failed to attend the second meeting of the Nuclear Safety Committee due to external training. He delegated in writing to Zhang Shanming, a Director, to attend and vote at such meeting on his behalf.

Training for Directors

As stipulated by the Listing Rules, a director shall be aware of his duties. All newly appointed Directors have been provided with necessary induction training and materials to ensure that they will have proper understanding of the operation and business of the Company and their responsibilities under the relevant laws, regulations and rules.

In order to provide better assistance to the Directors for performing their duties, we have actively made arrangements for the Directors to participate in trainings in relation to, among others, the business and corporate governance aspects of a listed company. Furthermore, we will provide the Directors with written information on applicable policies and regulations issued by the regulators from time to time. In addition, the management of the Company will monthly provide the Directors with a monthly management report, which sets out the particulars such as achievements of our operating indicators, safety and environmental management, production and operation, project construction, as well as the progress of our major operational events. We will arrange the Directors to carry out on-site inspections from time to time every year to enable them to have a better understanding of our operation and business, and invite and encourage them to furnish reasonable suggestions and advice to the Company based on their respective areas of expertise.

For the year ended December 31, 2015, the current Directors have received the following trainings in relation to the roles, functions and duties of directors of listed companies.

Director	Trainings received		
	Reading Materials	Specific Trainings	On-site Inspections
Zhang Shanming	√	√	
Gao Ligang	√	√	
Zhang Weiqing	√	√	
Shi Bing	√	√	
Xiao Xue	√	√	√
Zhuo Yuyun	√	√	√
Na Xizhi	√	√	√
Hu Yiguang	√	√	√
Francis Siu Wai Keung	√	√	√

Reading Materials Materials include Company Management Monthly Report (a total of 12 issues) and Company Comprehensive Risk Management Quarterly Report (a total of 4 issues).

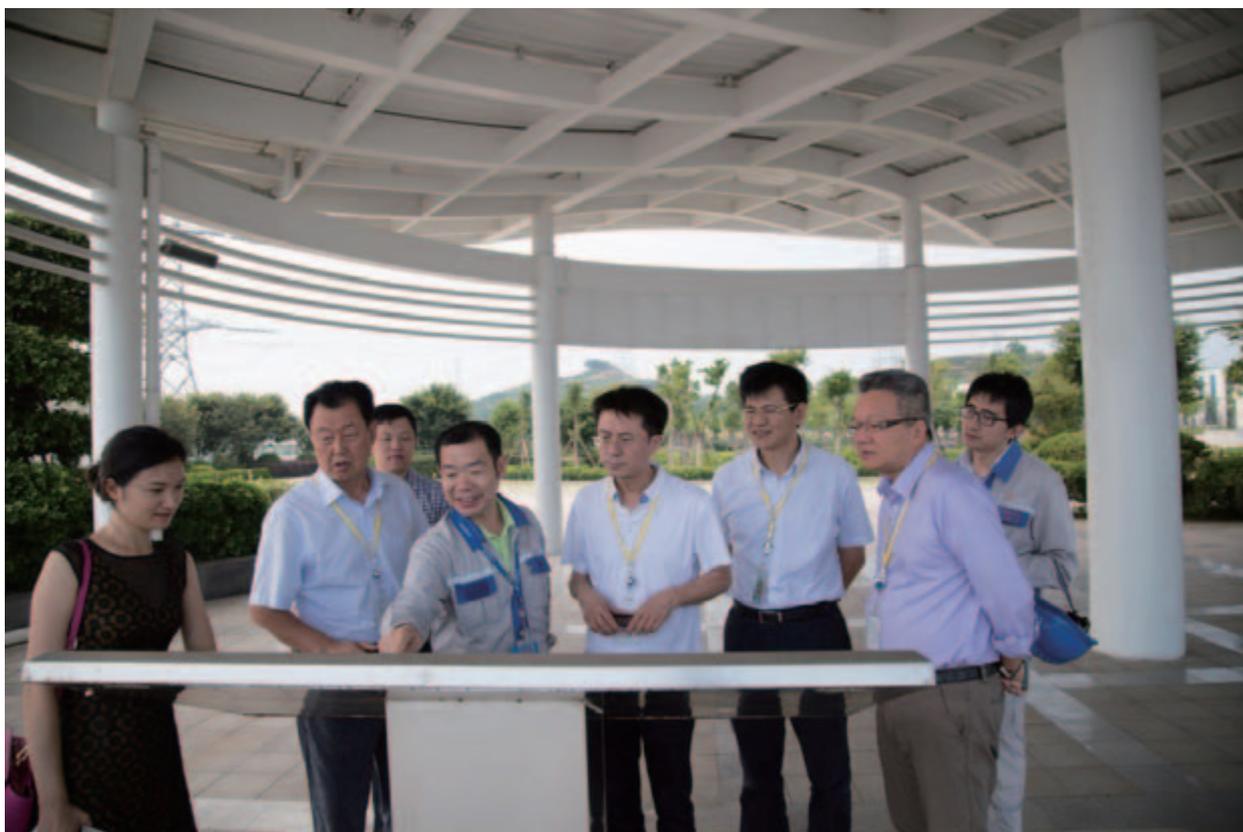
Special Trainings The Company has organized two special trainings for Directors in 2015, including:

- On August 19, 2015, the seminar related to the recent trend and analysis of Hong Kong Listing Companies and use of Director's insurance held by AON-COFCO Insurance Brokerage Co., Ltd.
- On November 5, 2015, the seminar "Capital Market Performance and Value Management after Listing of a Company" held by China International Capital Corporation Limited and the training "Variation and Major Changes of Hong Kong Stock Exchange Regulations and Rules" held by King & Wood Mallesons.

On-site Inspections In 2015, the Company continued to organize inspections on company business participated by the Directors,

- From April 15 to 17, 2015, Directors conducted on-site inspections in Fangchenggang Nuclear Power Station.
- On June 12, 2015, Directors conducted on-site inspections in Shenzhen Longgang Nuclear Power Industrial Park (深圳龍崗核電產業園).
- From July 29 to 30, 2015, Directors conducted on-site inspections in Ningde Nuclear Power Station.
- From November 9 to 12, 2015, Directors conducted on-site inspections in Suzhou Nuclear Power Research Institute (蘇州熱工研究院有限公司) and Qinshan Nuclear Power Base (秦山核電基地).

Corporate Governance Report



Non-executive Directors conducted inspections in Ningde Nuclear Power Station

Appointment and Re-election of Directors

The Articles of Association have stipulated the detailed procedures for election and appointment of Directors. According to the Articles of Association, the Directors shall be elected at the general meeting and each term of office shall be three years, Directors must retire by rotation at least once every three years and may be re-elected for continuous appointment.

Candidates other than those for independent non-executive Directors shall be nominated by the Board, the Supervisory Committee or shareholders who individually or jointly hold 3% or more of the Company's voting shares and be elected at a general meeting of the Company.

Candidates for independent non-executive Directors of the Company shall be nominated by the Board, the Supervisory Committee or shareholders who individually or jointly hold 1% or more of the Company's voting shares and be elected at the general meeting of the Company.

Prior to the election of independent non-executive Directors, the following procedures shall be performed:

- The nominator of a candidate for independent non-executive Director shall seek consent of the nominee, has sufficient understanding on the occupation, academic qualifications, job qualification, detailed working experience and all part-time jobs of the nominee, and is responsible to provide written materials of the same to the Company before making the nomination. The candidate shall give a written undertaking to the Company agreeing to be nominated, to undertake the truthfulness and completeness of his particulars disclosed and to warrant the performance of a Director's duties after being elected.
- The nominator of an independent non-executive Director shall give his opinion on the qualification and independence of the nominee to act as an independent non-executive Director. The nominee shall make a public announcement as to the absence of any connection between the Company and him/her which would affect his/her independent and objective judgment.

- If shareholders with nomination rights nominate a candidate for independent non-executive Director at a general meeting of the Company according to the law, a written notice stating their intention to nominate a candidate for the Board and the nominee's consent of acceptance to be nominated, together with the written materials and undertaking of the nominee referred to in the above-mentioned two sub-paragraphs shall be delivered to the Company not less than 7 days (calculated after the Company has sent out the notice of meeting) before the date of convening the general meeting.

Prior to the election of Directors other than independent non-executive Directors, the following procedures shall be performed:

- The nominator of a candidate for Director shall seek consent of the nominee, has sufficient understanding of the occupation, academic qualifications, job qualification, detailed working experience and all part-time jobs of the nominee, and is responsible to provide written materials of the same to the Company before making the nomination. The candidate shall give a written undertaking to the Company agreeing to be nominated, to undertake the truthfulness and completeness of his/her particulars disclosed and to warrant the performance of a Director's duties after being elected.
- If the nomination of candidates for Directors is made before the convening of a Board meeting or a meeting of the Supervisory Committee of the Company, the written materials relating to the nominee referred to in the above-mentioned first sub-paragraph shall be announced together with the resolution of the Board meeting or Supervisory Committee meeting or the notice of the general meeting.
- If shareholders with nomination rights nominate a candidate for Director at a general meeting of the Company according to the law, a written notice stating their intention to nominate a candidate for Director and the nominee's consent of acceptance to be nominated, together with the written materials and undertaking of the nominee referred to in the above-mentioned first sub-paragraph shall be delivered to the Company not less than seven days (calculated after the Company has sent out the notice of meeting) before the date of convening the general meeting.

We will review the appointment qualifications of Directors in strict compliance with the laws and regulations, the Listing Rules and the Articles of Association, especially the appointment conditions and independence of independent non-executive Directors. All nominees shall firstly be evaluated by the Nomination Committee before suitable candidates are recommended for election to become members of the Board. The Nomination Committee are also responsible for evaluating the composition of the Board, supervising the appointment, re-election for consecutive appointment and succession plans of Directors.

All Directors shall, upon appointment, enter into the directors' service contracts with the Company specifying the details of Directors' duties and the regulatory requirements and restrictions on Directors. All Directors shall understand that they assume joint responsibilities to all shareholders in respect of the Company's operation, business and development and shall perform their responsibilities pursuant to the requirements in the service contracts of directors, the Corporate Governance Code of the Company and the Hong Kong Stock Exchange Code. All Directors shall ensure they will devote sufficient time and efforts in dealing with the affairs of the Company and act in a prudent manner and assume responsibilities accordingly.

All executive Directors, non-executive Directors and independent non-executive Directors have entered into service contracts with the Company for a term of three years.

Directors' Undertakings

Directors of the Company have confirmed that they have devoted sufficient time and attention to the affairs of the Company during the year. All Directors have also disclosed to the Company the number and nature of their positions held in public companies or entities listed in Mainland China, Hong Kong and overseas and other significant commitments, and provide the names of the public companies and entities and the time involved in working for the relevant positions.

Corporate Governance Report

Each of the Directors has signed the Declaration for Dealing in the Company's Securities by Directors, Supervisors and Senior Management Officers (《董事、監事和高級管理人員買賣本公司證券聲明書》), undertaking to comply with the relevant confidentiality provisions and the securities dealing requirements, and has undertaken to obtain the prior written approval from the Chairman of the Board or the designated Directors before dealing in the Company's securities and report and disclose the same to the Hong Kong Stock Exchange. All Directors have signed the confirmation for disclosure of interests by Directors, Supervisors and Senior Management on both board meetings for annual and interim results. Directors shall notify the Company in writing of any changes in their personal information on a timely basis in order for the Company to timely report the same to the Hong Kong Stock Exchange and the Hong Kong Companies Registry within the prescribed period.

The Board Office of the Company will regularly remind Directors to disclose to the Company Secretary on a timely basis the information required to be disclosed in connection with matters needing disclosure by individuals under the Listing Rules.

Directors' Interest

As recorded in the register required to be kept pursuant to Section 352 of Part XV of the Hong Kong "Securities and Futures Ordinance", none of the Directors held any shares of the Company or any of the Company's associated corporations as of December 31, 2015.

Model Code for Securities Transactions

The Company has adopted the Code for Securities Transactions by Directors and Specific Persons, the provisions of which are not less stringent than the Model Code contained in Appendix 10 to the Listing Rules. After specific enquiries have been made on all Directors, the Directors, Supervisors and senior management have confirmed that they have complied with the Code for Securities Transactions by Directors and Specific Persons for the year 2015.

Roles of Chairman and President

According to the requirements of provision A.2.1 of the Hong Kong Stock Exchange Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Zhang Shanming and Mr. Gao Ligang were the Chairman and the President of the Company, respectively. The Articles of Association have expressly specified the functions and powers of the Chairman and the President. The main functions and powers of the Chairman include presiding the general meetings, convening and presiding meetings of the Board and the responsibility to review the implementation status of passed Board resolutions. The main functions and powers of the President include being in charge of the Company's production, operation and management, coordinating the implementation of the passed Board resolutions and reporting to the Board.

Pursuant to the Articles of Association, the President shall coordinate the implementation of the passed Board resolutions and report his/her work to the Board; the Chairman shall prepare the Directors' Report on behalf of the Board in respect of the work of the Board and submit the same to the Company's annual general meeting for consideration.

Directors' Financial Reporting Responsibilities in respect of Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended December 31, 2015 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided the necessary explanations and information to the Board enabling the Board to make an informed assessment on the Company's financial statements submitted to the Board for approval. The Company has provided monthly updated information on the performance, conditions and prospects of the Company to all members of the Board.

The statement made by the auditors of the Company on their reporting responsibilities in respect of the Company's consolidated financial statements is contained in "Independent Auditor's Report" of this Annual Report on page 150.

Supervisory Committee

Please refer to the "Report of Supervisory Committee" as set out in this Annual Report on page 136 for details of the Supervisory Committee, including its composition, duties and responsibilities and the annual work summary for the year.



Mr. Fang Chunfa was awarded "The Best Secretary of Board of Directors of Listed Companies", The 5th China Securities Golden Bauhinia Awards

Company Secretary

The Board has appointed Mr. Fang Chunfa as a joint company secretary. Mr. Fang is also the Board secretary of the Company. Pursuant to the requirements under the Listing Rules, we have also engaged Ms. Yung Mei Yee from KCS Hong Kong Limited as the joint company secretary to provide assistance to Mr. Fang Chunfa in conducting his work. The Company secretaries also play essential roles in supporting the Chairman, Board and Board Committees by ensuring on time and precise information flow, so the Board policies, procedures and decisions are followed. The company secretaries have the right to advise on the corporate governance matters and assist Directors to familiarize with the affairs of the Company and acquire professional development.

Mr. Fang has tender his resignation as a joint company secretary and Board secretary for reason of job transfer and the Board has appointed Mr. Wei Qiyan in replacement of Mr. Fang as a joint company secretary. Ms. Yung Mei Yee has also tendered her resignation as a joint company secretary, an authorised representative and the agent for services of process in Hong Kong of the Company for personal reasons, and the Board has appointed Ms. Mok Ming Wai in replacement of Ms. Yung as a joint company secretary, an authorised representative and an agent for acceptance of services of process in Hong Kong of the Company. The resignations of Mr. Fang and Ms. Yung and the appointments of Mr. Wei and Ms. Mok are effective since March 16, 2016. For further details, please refer to the announcement of the Company dated March 14, 2016.

According to Rule 3.29 of the Listing Rules, the then joint company secretaries of the Company, Mr. Fang and Ms. Yung, had taken no less than 15 hours of relevant professional training during the financial year ended December 31, 2015.

Corporate Governance Report

Management and Staff

The task of the management and staff of the Company is the successful implementation of strategy and direction determined by the Board, and they must observe national and local laws and regulations, and safeguard the interest of shareholders.

The delegation of specific authorities by the Board to the management is stated in the Provisions on the Corporate Governance Authorization (《治理授權規定》), and any amendment to the corporate governance authorization of the Company requires approval of the Board. The authorization delegated to the management and staff below the level of President have been stated in the provisions on the management authorization, and any amendment to the management authorization of the Company requires approval of the President.

The Staff Manual (《員工手冊》), which is prepared by the Company as an appendix to the employment contract, has the same effect as that of the employment contract. All staff who has signed employment contracts with the Company shall sign for receipt of the Staff Manual and make a statement that they have received, been aware of and will comply with all provisions set out in the Staff Manual. All management and staff are subject to the specific obligations as set out in the Staff Manual in respect of the work time, disciplines, workplace code, confidentiality and non-competition restriction, conflict of interests, value and code of conduct. All management and staff receive training on the Staff Manual on regular basis in order to ensure their understanding of Staff Manual.

The Company has formulated the Management Regulations on Non-compliance with Disciplines and Rules by Staff and the Listing Company's Code of Conduct for dealing with incidents of a breach of regulations and discipline and they must be strictly complied by all of the management and staff. In addition, we amended and improved the disciplinary and supervisory mechanism, the corruption-free conversation procedure and petitioning procedure for an array of disciplinary and supervisory mechanism in relations to the working regulations and case hearing regulations. The amended regulations shall be stricter with integrity. The Company has

established appropriate whistleblower channels and encourages employees and related third parties (such as suppliers) to report any misconduct, malpractices or irregularity in any matters related to the Company in confidential way.

In 2015, the No. 1 inspection team of the State-owned Assets Supervision and Administration Commission ("SASAC") conducted inspections in the Company without any finding of severe breach of discipline and regulations. In respect of the requests of rectification raised by the No. 1 inspection team of the SASAC, we had already established the rectification mechanism with a 100% completion. Such cases concerning non-compliance with discipline and regulations did not have significant impact on our financial statements and the overall operation.

We have expanded the applicable scope of the Company's Code for Securities Transactions by Directors and Specific Persons to cover Senior Management. According to specific inquiries made by the Company, all senior management officers confirmed that they have been in compliance with the relevant requirements throughout the year ended December 31, 2015.

The principles and details of the remuneration of senior management officers are set out in the "Remuneration Committee Report" on page 132 of this Annual Report.

The Company has attached great importance to the continuous professional development of management and staff. The details of its talent cultivation are set out in the "Human Capital" on page 56 of this Annual Report. During 2015, the Company has regularly organized senior management officers to participate in a series of trainings including the "senior management development program" for the Company's management to improve their comprehensive management skills covering operational strategies, financial management, production and operational management. In addition, we organized the online Q&A and online learning sessions under the "information disclosure training" for the management and staff to improve their understanding and attention in relation to the information disclosure.

Internal Auditors

The Company has established an internal audit department, which plays a major role in monitoring the internal governance of the Company. The Group has 62 auditing staff with professional qualifications (such as senior auditors, internal auditors with international certifications, PRC certified public accountants and members of the Association of Chartered Certified Accountants in UK).

Duties of the audit department include:

- Unrestricted access to review all aspects of the activities and internal controls of the Company;
- Specific audits on the business, procedures, expenditures and internal controls of all functional departments, business units and subsidiaries of the Company on a regular basis;
- Specific reviews or audits of areas of concern identified by management or the Audit Committee.

The manager of the audit department reports directly to the Audit Committee and the President, and his opinions will be reflected directly to the Board through the Chairman of the Audit Committee.

During 2015, the audit department of the Company conducted specific audit on key areas of management such as internal controls, project management and corporate governance of the Company as well as areas of concern identified by the management, and issued reports to senior management officers.

External Auditors

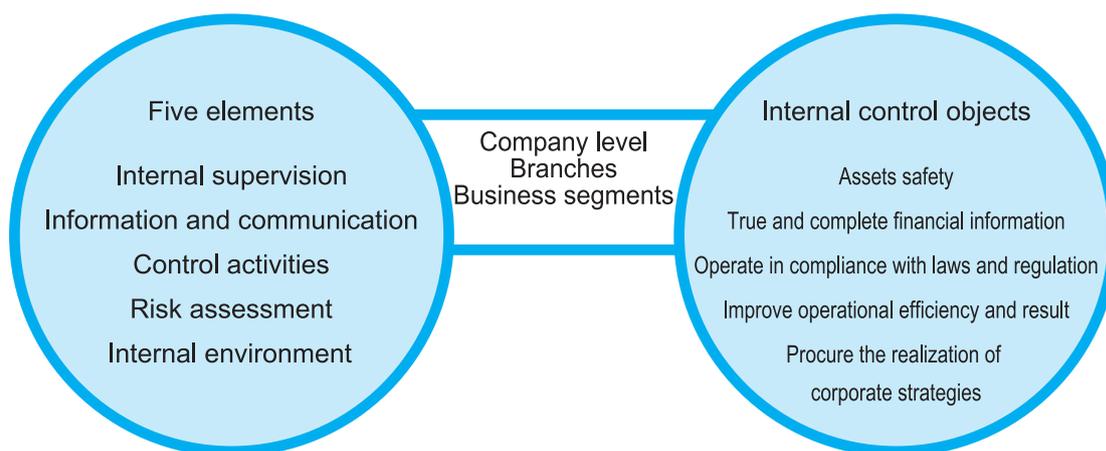
Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP have been appointed as international auditors and PRC auditors of the Company, to respectively audit the Company's consolidated financial statements for the year ended December 31, 2015 prepared in accordance with IFRS and China Accounting Standards. Deloitte Touche Tohmatsu has audited the Company's 2015 consolidated financial statements prepared in accordance with IFRS by the Company. The remuneration paid by the Group for auditing related services was RMB6.382 million in 2015, and no non-auditing services had been provided by the international auditors and PRC auditors of the Company.

Corporate Governance Report

Internal Control

Structure of the internal control system

Since its establishment, the Company has regarded the construction of internal control system as an integral component of the construction of its internal management system. The Company continued to enhance its internal control system under the framework as set out in the Basic Standards of Internal Control for Enterprises (《企業內部控制基本規範》) issued by five ministries and commissions including the Ministry of Finance, the CSRC, the National Audit Office of the PRC, the China Banking Regulatory Commission and the China Insurance Regulatory Commission of the PRC.



The internal control system structure of the Company covers the Board, the management and all staff. The Board and its Audit Committee oversee the internal control systems of the Company and monitor the effectiveness of initiatives and internal control measures taken by the management. The management is responsible for the design, implementation and improvement of the internal control measures.

We established our three-layer internal control system to ensure the effective implementation of internal control. The corporate level is responsible for establishing the internal control measures and local branches carried out the internal measures through the system procedures and application of the information system. The business units develop a well-established internal system to comply with the requirements of management and control as well as its own internal control in accordance with the Basic Standards of Internal Control for Enterprises.

The internal control system of the Company is based on clear management duties and authority, which covers the business operations of the Group. The Company specifies the management duties and internal supervision and check-and-balance mechanism as well as written process recording requirements by developing and releasing clear written management documents. Compliance with laws and regulations by the Company throughout its various activities is the basis for the Company's operation.

The Company analyzes the internal environment of business organizations and operations, identifies risks and carries out rating of risks and develops specific control measures against risks of high rating in accordance with the Basic Standards of Internal Control for Enterprises and Application Guidelines of Internal Control for Enterprises (《企業內部控制應用指引》). We conduct self-assessment of internal control and independent inspections by the audit department annually. Depending on the assessment results, we shall develop the corresponding correction and improvement measures and follow up the effective implementation of the relevant correction and improvement measures.

Key Elements of Internal Control	Initiatives
Internal Environment	<p>The corporate governance structure specifies the management authority at various levels</p> <p>Internal organizations and posts clearly define the allocation of responsibilities and powers</p> <p>The internal supervision system</p> <p>Corporate strategies</p> <p>Integrity and moral values and corporate culture</p> <p>Competency of staff</p>
Risk Assessment	<p>Timely identifying and systematically analyzes risks associated with the realization of internal control objectives in the process of operation activities and reasonably determines strategies in response to risks</p>
Control Activities	<p>Taking corresponding control measures and formulates internal rules, systems and procedures based on the risk assessment results to ensure the implementation of control measures</p> <p>Covering major business areas such as funding activities, procurement, sales, engineering projects management, guarantee, research and development, business outsourcing, asset management and financial reporting</p> <p>Formulating control measures from the perspectives of, among others things, separation of incompatible duties, authority approval, accounting system control, property protection, budgets, operation analyses and evaluation</p>
Information and Communication	<p>Timely and accurately collecting and communicating information in relation to internal controls to ensure effective communication of information within the enterprise or between the enterprise and external parties</p>
Internal Supervision	<p>Regularly evaluating the implementation of systems and procedures</p> <p>Independent internal monitor and audit activities</p> <p>Self-assessment of internal control system on a regular basis</p>

Corporate Governance Report

Internal control evaluation

According to the relevant provisions of the Corporate Governance Code of CGN Power (《中國廣核電力股份有限公司企業管治守則》), we have prepared the Internal Control Assessment Proposal for 2015 of the Company (hereinafter referred to as the “**Internal Control Assessment Proposal**”), which clearly provides the evaluation covers the full 2015 financial year, and determines the major units, businesses and matters to be included in the scope of evaluation as well as high-risk areas based on the risk-oriented principle. The Internal Control Assessment Proposal was approved at the ninth meeting of the Board in August 2015.

In accordance with the approved Internal Control Assessment Proposal, entities included in the scope of the current internal control evaluation mainly comprised the Company and 10 subsidiaries, which covered all business segments and major business areas of the Company; as of December 31, 2015, the aggregate net assets and operating revenue of the aforesaid companies represented approximately 72.7% and 94.8% of the net assets and operating revenue of all the companies of the Group, respectively. None of those subsidiaries which were not included in this evaluation had business or matters which would materially affect the Company’s operation and management. Each of those entities which are included in the relevant evaluation shall, based on its own business characteristics and key points of management, follow the principles of comprehensiveness and importance to incorporate key business areas and major business processes into the scope of evaluation. Overall speaking, high-risk areas that need to be focused on mainly include, among others things, investment management, security and emergency management, sales and revenue management, procurement and expenditure management, asset management and information technology system management. The aforesaid businesses and matters included in the scope of evaluation together with high-risk areas cover the major aspects of the Company’s operational management and there is no material omission.

Based on the determination of material defects in the internal control on the Company’s financial reporting, as of the benchmark date (December 31, 2015) of the internal control evaluation report, there were no material defects in the internal controls on the financial reporting, and the Board considers that the Company has maintained effective internal control on financial reporting in all material aspects in compliance with the requirements of the Regulated System of Internal Control for Enterprises (企業內部控制規範體系) and the relevant provisions.

Based on the determination of material defects in the internal control on the Company’s non-financial reporting, as of the benchmark date of the internal control evaluation report, the Company was not aware of any material defect in the internal control on non-financial reporting. From the benchmark date of the internal control evaluation report up to the issue date of the internal control evaluation report, there were no factors which would affect the evaluation conclusion of effectiveness of internal controls.

Monitoring inside information

The measures for the management and control of inside information by the Company are as follows:

- The Company has expressly stated in the Staff Manual that unauthorized use of confidential or inside information is strictly prohibited.
- The Company has regulated the channels of disseminating information.
- The Information Disclosure Management System (《信息披露管理制度》) and its ancillary procedures have been formulated in order to regulate the management requirements and handling procedures of inside information.
- The relevant trainings on information disclosure have been provided to the Company's management, subsidiaries and affiliated companies on a sustained basis.

In 2015, we carried out trainings on information disclosure through various ways, covering almost 90% of the staff. We performed random inspection on the implementation status of certain units, and did not find any violation. After a year of implementation, we have planned to optimize The Information Disclosure Management System and its supportive procedures in 2016.

Conclusion

Our Board and the management have placed great emphasis on the continuous improvement in our corporate governance practices, which is not only a requirement on the Company's compliance with the laws and regulations, but also a safeguard for maintenance and enhancement of shareholders' value. We will maintain good practice for the corporate governance of the Company by actively enhancing the communication with the capital market and improving the corporate governance level of the Company. Through the Corporate Governance Report, the Corporate Governance Code of the Company and the Company's website, we provide comprehensive information about our corporate governance practice to shareholders and other business related parties based on the honest and transparent principle on a regular and non-regular basis. All Directors, Supervisors and management of the Company will try their best to practically comply with announced policies and fulfil their commitments. We will continue to monitor and improve our corporate governance measures in line with regulatory requirements, cumulative experience and international good practices.

Directors' Report

Operations

Principal Activities

The principal activities of the Company are: production of electricity generated mainly from nuclear energy, and provision of related professional technical services; organization and implementation of the construction and management of engineering projects for nuclear power stations; organization of the operation, maintenance and related businesses for nuclear power stations; organization of the design and scientific research for the development of nuclear power stations; and engagement in related investment, import and export businesses

Consolidated Financial Statements

For the Group's consolidated financial statements for the financial year ended December 31, 2015, please refer to page 152 to 277.

Five-Year Financial Highlights

The operating results and financial information of the Group in the previous five financial years are set out in the "Financial Highlights" of this Annual Report on page 3. This summary does not form part of the audited consolidated financial statements.

Earnings and Dividends

The details about the earnings of the Group for the year are set out in the "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on page 152.

Details of dividend payments and policies are set out in the "Shareholders' Value" in this Annual Report on page 13.

Business Review and Performance

For the analysis of business performance and its impact factors in 2015, please refer to the "Finance, Assets and Investment" from page 16 to 27 and the "Business Performance and Analysis" from page 28 to 39.

For the major risks and uncertain factors faced by the Group, please refer to the "Risk Management Report" of this Annual Report from page 141 to 147.

The business outlook of the Group is discussed in different parts of this Annual Report, including the "President's Review" from page 11 to 14, the "Business Performance and Analysis" from page 28 to 39, and the "Risk Management Report" from page 141 to 147.

The relationships between the Group and its connected persons of major business are set out in the "Directors' Report" of "Corporate Governance" of this Annual Report from page 122 to 123.

In addition, environment-related performances and policies of the Group are set out in the part of "Environment Capital" of this Annual Report. Charity-related performances and policies of the Group are set out in the part of "Social and Relationship Capital" of this Annual Report. The discussion on compliance status of relevant laws and regulations that would have a materially impact on the Group is set out in the "President's Review" from page 9 to 12, the "Business Performance and Analysis" from page 28 to 39, the "Corporate Governance Report" from page 88 to 115, and the "Report of supervisory committee" from page 136 to 140.

There is no event that had a significant impact on the Group's operation, financial and trading prospects from December 31, 2015 to the date of this Annual Report.

The above discussions form part of the Directors' Report.

Assets

Properties, Plants and Equipments

Additions to properties, plants and equipments of the Group for the year amounted to a total of RMB15,962.4 million. In 2014, a total amount of RMB18,746.5 million was added to properties, plants and equipments. Details of changes in properties, plants and equipments of the Group are set out in Note 15 to the Consolidated Financial Statements.

Bank Borrowings and Other Borrowings

The total borrowings of the Group as of December 31, 2015 amounted to RMB123,271.0 million (2014: RMB124,369.4 million). Details of borrowings are set out in Notes 33, 34 and 35 to the Consolidated Financial Statements.

Finance Costs Capitalized

Finance costs amounting to RMB3,684.4 million (2014: RMB3,584.5 million) were capitalized by the Group during the year, the details are as set out in Note 9 to the Consolidated Financial Statements.

Major Subsidiaries

For the details the Company's major subsidiaries, please refer to Note 48 to the Consolidated Financial Statements and the "Business at a glance for the year" on page 4.

Share Capital

Issuance and Listing of Securities

The initial registered share capital of the Company at incorporation was RMB35,300,000,000, being divided into 35,300,000,000 Domestic Shares with a nominal value of RMB1.00 per share, and all the Domestic Shares were held by three promoters.

Before full exercise of the over-allotment option under the global offering, the registered share capital of the Company increased to RMB44,125,000,000, being made up by 34,417,500,000 Domestic Shares and 9,707,500,000 H Shares, representing approximately 78% and 22% of the registered share capital, respectively.

After full exercise of the over-allotment option under the global offering, the registered share capital of the Company increased to RMB45,448,750,000, being made up by 34,285,125,000 Domestic Shares and 11,163,625,000 H Shares, representing approximately 75.44% and 24.56% of the registered share capital, respectively.

Purchase, Sale or Redemption of the Company's Listed Shares

During the year ended December 31, 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

Equity-Linked Agreements

During the year ended December 31, 2015, neither the Company nor any of its subsidiaries have entered into equity-linked agreements.

Directors' Report

Changes in the Number of Shares and Shareholding Structure during the Reporting Period

	December 31, 2014	Increase/ (decrease) due to changes during the reporting period	December 31, 2015
Domestic Shares	34,285,125,000	0	34,285,125,000
H Shares	11,163,625,000	0	11,163,625,000
Total number (Shares)	45,448,750,000	0	45,448,750,000

Corporate Governance

The Company's corporate governance principles and practices are set out in the "Corporate Governance Report" of this Annual Report on page 88.

Directors

The current Directors of the Company have served as Directors for the whole year. Their biographical details are set out in "Board of Directors, Supervisors and senior management" on page 80 of this Annual Report. Details of Directors' remuneration are set out in "Report of Remuneration Committee" of this Annual Report on page 132.

Supervisors

On June 12, 2015, after consideration and approval by shareholders' meeting, number of members of the Supervisory Committee of the Company was adjusted from three to five, comprising Mr. Pan Yinsheng, Mr. Yang Lanhe, Mr. Chen Rongzhen, Mr. Cai Zihua and Mr. Wang Hongxin. Brief biographical details of the current supervisors are set out in "Board of Directors, Supervisory Committee and Senior Management" on page 83 of this Annual Report. Details of Supervisors' remuneration are set out in "Report of Remuneration Committee" of this Annual Report on page 132.

Senior Management

The brief biographical details of the senior management are set out in "Board of Directors, Supervisory Committee and senior management" on page 85 of this Annual Report. Details of the remuneration of senior management are set out in the "Report of Remuneration Committee" of this Annual Report on page 132.

Interests

Interests of Directors, Supervisors and Chief Executive

Pursuant recorded in the register required to be kept pursuant to Section 352 of Part XV of the Hong Kong "Securities and Futures Ordinance", none of the Directors, Supervisors and chief executive officer has any interests/short positions in any underlying shares and/debentures of the Company and its associated entities as of December 31, 2015.

Shareholders' Interests must be Disclosed under the Hong Kong "Securities and Futures Ordinance"

Pursuant to Divisions 2 and 3 of Part XV of the Hong Kong Securities and Futures Ordinance, the interests/short positions of the following persons (other than the Directors, Supervisors and Chief Executive of the Company) in the shares and underlying shares of the Company as of December 31, 2015, are set out in the following table.

Aggregate long positions in the shares and underlying shares of the Company

The Company had been notified of the following shareholders interests in the shares (other than pursuant to equity derivatives such as share options, call warrants or convertible bonds) of the Company as of December 31, 2015:

Shareholders	Capacity as holder of shares of the Company Held	Number and Class of the Shares	Approximate % of the Relevant Share Classes	Approximate % of the Issued Shares of the Company
CGNPC	Beneficial owner/ Interest of controlled corporation	29,176,641,375 Domestic Shares	85.10%	64.20%
Hengjian Investment	Beneficial owner/ Interest of controlled corporation	3,428,512,500 Domestic Shares	10.00%	7.54%
NSSF	Beneficial owner	1,014,875,000 H Shares	9.09%	2.23%
GIC Private Limited	Interest of controlled corporation	579,748,000 H Shares	5.19%	1.28%
BlackRock, Inc.	Investment manager	570,978,133 H Shares	5.11%	1.26%

Aggregate short positions in the shares and underlying shares of the Company

The Company had been notified of the following short positions being held by below shareholders in the shares and underlying shares of the Company as of December 31, 2015:

Shareholders	Capacity as holder of shares	Number and Class of the Shares of the Company Held	Approximate % of the Relevant Share Classes	Approximate % of the Issued Shares of the Company
BlackRock, Inc.	Investment manager	21,886,000* H Shares	0.20%	0.05%

* Among which 3,592,000 H shares were held by share capital derivatives.

Interests of Other Persons

As of December 31, 2015, the Company had not been notified of any persons other than the above shareholders who had interests or short positions in the shares or underlying shares of the Company, under Divisions 2 and 3 of Part XV of the Hong Kong Securities and Futures Ordinance.

Directors' Report

Material Contracts

Save as disclosed in the section headed "Connected Transactions" of this Annual Report on page 124, none of the Company or any of its subsidiaries entered into material contracts with the controlling shareholder or any of its subsidiaries other than the Group, nor was there any material contract between the Group and the controlling shareholder or any of its subsidiaries other than the Group in relation to provision of services.

Controlling Shareholder's Interests in Material Transactions, Arrangements or Contracts

The details of material contracts entered into between the Company and controlling shareholder or its subsidiaries have been disclosed in "Connected Transaction" in this Annual Report on page 124.

Directors' and Supervisors' or Entities Connected with Directors' and Supervisors' Interests in Material Transactions, Arrangements and Contracts

For the year ended December 31, 2015, none of the Company or its any subsidiaries entered into any material transactions, arrangements or contracts which the Directors and Supervisors or the entities connected with Directors and Supervisors of the Company had material interests, either directly or indirectly.

Directors' Interests in Competing Businesses

For the year ended December 31, 2015, save as disclosed below, none of the Directors or their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Company:

Name of Director	Position in the Company	Other Interests
Mr. Zhang Shanming	Chairman of the Board and non-executive Director	General manager and Director of CGNPC
Mr. Zhang Weiqing	non-executive Director	Vice chairman of the board of CGNPC
Mr. Shi Bing	non-executive Director	Deputy general manager and chief accountant of CGNPC

Non-competition Undertakings

Save as those disclosed in Prospectus, CGNPC, the controlling shareholder of the Company, has undertaken that it would not, and it would procure that its associates and connected persons do not and would not, directly or indirectly, whether on its own account or in conjunction with or on behalf of any person, firm or company in the PRC or overseas, among other things, carry on, participate, be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise be involved, whether for profit, reward or otherwise), any restricted business during the agreed restricted period.

CGNPC confirms that it has complied with the above undertakings during the year.

For the details of material contracts which provided services to the Company by CGNPC, please refer to “Connected Transactions” on page 124 in this Annual Report.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the relevant laws of the PRC, which the Company is required to issue new shares to its existing shareholders on a pro rata basis.

Distributable Reserves

As of December 31, 2015, our reserves available for distribution to our equity holders amounted to approximately RMB10,115.4 million (representing retained earnings of RMB10,115.4 million).

Management Contracts

For the year ended December 31, 2015, except for service contracts entered into with the Directors and the Supervisors, the Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business of the Company nor any such contract subsisted.

Directors' Report

Major Customers and Suppliers

Major Customers

Most of our revenue comes from the sales of electricity generated by nuclear power stations in which we have controlling interest. During the year, our total revenue to the top five customers accounted for 97.4% of the Group's total revenue. Below is the information of the top five customers in descending order:

Guangdong Power Grid Co., Ltd. ("GPG") (representing 72.0% of our total revenue) The Group did not hold any interest in this company. GPG is a wholly-owned subsidiary of China Southern Power Grid Co., Ltd. It is responsible for the management, power dispatch control, operation and maintenance of the power grids in Guangdong and Fanyu. Under a long-term agreement, we sold the electricity generated by the nuclear power stations in Daya Bay, Ling'ao, Lingdong and Yangjiang to GPG.

Hong Kong Nuclear Investment Co., Ltd. ("HKNIC") (representing 20.6% of our total revenue) This company is a subsidiary of CLP Holdings Ltd., and is one of the major shareholders of Guangdong Nuclear Power Joint Venture Co., Ltd, holding 25% equity interest in Guangdong Nuclear Power Joint Venture Co., Ltd. It is a connected person of the Group. Under a long-term agreement, we sold some of the electricity generated by the Daya Nuclear Power Station to HKNIC.

Fujian Ningde Nuclear Power Co., Ltd. ("Ningde Nuclear") (representing 1.7% of our total revenue) Ningde Nuclear is a joint venture of the Group, and is responsible for the investment, construction and operation of Ningde Nuclear Phase 1. We offer technical support and maintenance, including training, repairing, technical research and professional support to Ningde Nuclear.

Liaoning Hongyanhe Nuclear Power Co., Ltd. ("Hongyanhe Nuclear") (representing 1.6% of our total revenue) Hongyanhe Nuclear is an associate of the Group, and is responsible for the investment, construction and operation of Liaoning Hongyanhe Nuclear Power Station. We offer technical support and maintenance, including training, repairing, technical research and professional support to Hongyanhe Nuclear.

China Nuclear Power Engineering Co., Ltd. ("CGN Engineering") (representing 1.5% of our total revenue) This company is a solely-owned subsidiary of our controlling shareholder CGNPC, and is a connected person of the Group. This company is mainly responsible for the construction of nuclear power projects, and is our country's first professional management company specialized in nuclear power engineering. We offer technical support and maintenance, including training, repairing, technical research and professional support to CGN Engineering.

Major Suppliers

Our major suppliers include providers of nuclear fuel and related services, project construction and technical support. During the year, our purchases from the top five suppliers accounted for 44.1% of the Group's sales and services costs (excluding depreciation). Below is the information of the top five suppliers in descending order:

China Nuclear Energy Industry Corporation ("CNEIC") (representing 26.3% of the Group's sales and services costs (excluding depreciation)) The Group did not hold any interest in this company. CNEIC mainly engages in the import and export trade of uranium products, and nuclear power and technology equipment, such as providing technology and equipment and supplying fuel to the major nuclear power stations in China. We purchased enriched uranium used in producing nuclear fuel components from CNEIC through a nuclear fuel supply and service agreement signed with CGNPC Uranium Resources.

China Nuclear Fuel Components Co., Ltd. ("CNFCC") (representing 7.5% of the Group's sales and services costs (excluding depreciation)) The Group did not hold any interest in this company. This company is the country's first product base of nuclear fuel components using the condensation reflux technology. We purchased enriched uranium used in producing nuclear fuel components from CNFCC through a nuclear fuel supply and service agreement signed with CGNPC Uranium Resources.

CGNPC Uranium Resources Co., Ltd. ("CGNPC Uranium Resources") (representing 5.6% of the Group's sales and services costs (excluding depreciation)) is a connected person of the Group. CGNPC Uranium Resources' major business is to supply full-cycle nuclear fuel and technical support to nuclear power stations. We purchase nuclear fuel and related services through CGNPC Uranium Resources.

China Nuclear Industry Maintenance Co., Ltd. ("CNIMC") (representing 2.4% of the Group's sales and services costs (excluding depreciation)) The Group did not hold any interest in this company. CNIMC is a professional company specialized in the maintenance of nuclear power stations and nuclear projects. It mainly provides services such as major maintenance, daily repair, engineering and technical support to us.

CGN Services Group Co., Ltd. ("CGN Services Group") (representing 2.3% of the Group's sales and services costs (excluding depreciation)) is a connected person of the Group. CGN Services Group mainly offers food and beverage, logistics, electrical and mechanical services as well as water operation and maintenance.

During the year, none of our Directors or Supervisors, their respective associates or any of our shareholders holding more than 5% of our issued shares, held any interest in any of our top five suppliers or top five customers.

The Company has maintained continuous close relationship with stakeholders, including customers and suppliers. The Company devoted to balance the opinions and interests of the stakeholders through constructive communication, so as to set the long-term development direction for the Company and the regions where our business operates.

Exchange Rate

For the year ended December 31, 2015, the Group faced no major difficulties or impacts regarding its operations or capital flow due to the fluctuation of foreign exchange rate. For the risk of exchange rate fluctuations of the Company, we have been adhering to the principle of prudence, conducting timely debt hedging and risk prevention arrangements to reduce the impact of financial market volatility on the Company's operating costs, expected earnings and cash flow. For the risk management of exchange rate volatility, please refer to the section of "Financial Capital" on page 65 in this Annual Report.

Directors' Report

Events after the Reporting Period

There is no occurrence of events that had a significant impact on the Group's operation, financial and trading prospects from December 31, 2015 to the date of this Annual Report.

Connected Transactions

In 2015, we continued to follow a principle of fairness, justice, bona fide and competitive preference in the course of our transactions with suppliers. For business with an open market, we adopted competitive procurement by continuing to require connected persons to provide us with the relevant materials, products and services through the bidding procedures for standardizing connected transactions. However, in the actual course of business, we signed one-off connected transaction agreements and continuing connected transaction agreements with connected persons, which constitute major connected transactions of the Group in 2015, after taking into consideration our partnership established with connected persons, familiarity with their respective businesses as well as the factors such as service quality, price and work efficiency.

One-off Connected Transaction

As CGNPC owns 64.20% equity interest in the Group, under Rules 14A.07 (1) and (4) of the Listing Rules, CGNPC and its associates are our connected persons.

Baoyin Company was established in June 2007, with a registered capital of RMB819.7 million, specializing in the research and development, production and sale of Inconel690 alloy U-shaped heat transmission tubes for Class I nuclear steam generator. On August 19, 2015, in order to recover funds and focus on developing key businesses, CNPRI, a wholly-owned subsidiary of the Company, sold 22.1% equity interests in Baoyin Company it held to CGN Capital Holdings Co., Ltd.* (中廣核資本控股有限公司), a wholly-owned subsidiary of CGNPC. The disposal of 22.1% equity interests in Baoyin Company constitutes one-off connected transaction of the Group according to Chapter 14A of the Listing Rules.

Pursuant to the Agreement, we sold 22.1% equity interests in Baoyin Company at approximately RMB358.2 million, which was recognized an actual gain (before tax) on disposal of approximately RMB19.5 million.

Continuing Connected Transactions

During the year, the Company had entered into the following continuing connected transaction agreements with the connected persons as defined in the Listing Rules, and carried out the specific transactions according to the terms of such agreements. During 2015, the continuing connected transactions had been carried out as follows:

Nature of Transaction	Annual Cap for 2015 (RMB'000)	Actual Transaction Amount for 2015 (RMB'000)
General Services Framework Agreement ⁽¹⁾	Amount to be paid to the CGN Group:	
	787,000.00	584,425.40
	Amount to be received from the CGN Group:	
	175,000.00	173,235.52
Technical Support and Maintenance Services Framework Agreement ⁽²⁾	Amount to be paid to the CGN Group:	
	264,000.00	173,900.70
	Amount to be received from the CGN Group:	
	715,900.00	577,357.82
Engineering Services Framework Agreement ⁽³⁾	Amount to be paid to the CGN Group:	
	9,857,000.00	5,487,162.10
Financial Services Framework Agreement ⁽⁴⁾	Amount to be paid to the CGN Group in relation to settlement, entrustment loans and other financial services:	
	16,000.00	10,453.97
	Maximum daily balance of deposits placed by our Group with the CGN Group and interest income:	
	21,800,000.00	9,482,016.67
	Maximum daily balance of loans provided by the CGN Group to our Group:	
	25,338,000.00	10,834,027.78
	Maximum daily balance of loans provided by our Group to the CGN Group:	
	11,445,000.00	180,000.00

Directors' Report

Nature of Transaction	Annual Cap for 2015 (RMB'000)	Actual Transaction Amount for 2015 (RMB'000)
Renewal of Financial Services Framework Agreement ⁽⁵⁾	Amount to be paid to the CGN Group in relation to settlement, entrustment loans and other financial services:	
	4,600.00	510.68
	Maximum daily balance of deposits placed by our Group with the CGN Group and interest income:	
	21,800,000.00	6,903,900.91
	Maximum daily balance of loans provided by the CGN Group to our Group:	
	25,338,000.00	6,979,602.77
Nuclear Fuel Supply and Services Framework Agreement ⁽⁶⁾	Amount to be paid to the CGN Group: 3,817,000.00	1,938,954.95
Final Project Support and Supply of Technology Agreement with EDF ⁽⁷⁾	Amount to be paid to the EDF: 28,000.00	
		25,587.92
Electricity Supply Arrangement under the Joint Venture Contract ⁽⁸⁾	Electricity volume sold to HKNIC: 12,117.00GWh	11,742.40GWh

(1) It was entered into on November 21, 2014 on normal commercial terms and would be valid until December 31, 2016, pursuant to which we and CGN Group will provide general services to each other.

(2) It was entered into on November 21, 2014 on normal commercial terms and would be valid until December 31, 2016, pursuant to which we and CGN Group will provide technical support and maintenance services to each other.

(3) It was entered into on November 21, 2014 on normal commercial terms and would be valid until December 31, 2019, pursuant to which CGN Group will provide engineering services to us.

(4) It was entered into on November 21, 2014 on normal commercial terms and would be valid until December 9, 2015, pursuant to which we and CGN Group will provide financial services to each other.

(5) It was entered into on March 18, 2015 on normal commercial terms and would be valid until December 9, 2018, pursuant to which we and CGN Group will provide financial services to each other.

(6) It was entered into on November 21, 2014 on normal commercial terms and would be valid until December 31, 2023, pursuant to which CGN Group will provide us with nuclear fuel supplies and services.

(7) It was entered into on August 10, 2008 on normal commercial terms and would be valid during the term of operation of the Joint Venture Contract for the Establishment of Taishan Nuclear Power Joint Venture Company Limited pursuant to which EDF will provide certain project support and supply of technology services to Taishan Nuclear. The deadline for a waiver granted by the Hong Kong Stock Exchange upon Listing is December 31, 2016. Since the acquisition of Taishan Nuclear was completed in April 2015, EDF is not a connected person of the Company until that time (EDF International, a subsidiary of EDF, held 30% equity interests in Taishan Nuclear). Therefore, the Final Project Support and Supply of Technology Agreement with EDF does not constitute to a connected transaction until that time.

(8) It was entered into on January 18, 1985 and renewed on September 29, 2009 and was valid until May 6, 2034, pursuant to which Daya Bay Nuclear Power Station will sell electricity to HKNIC, and the electricity volume sold will be the annual cap and the unit will be GWh.

In addition to the above continuing connected transactions, our continuing connected transactions during 2015 include Trademark License Agreement, Custodian Service Framework Agreement and Guarantee from CGNPC, which are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Connected Transaction Management

To ensure the fairness, justice and openness of procurement business, we have formulated the internal control standards related to management of contracts and procurements, whereby all departments of the Company shall monitor and restrict each other, and the procurements that are within the scope of mandatory tendering as required by the Bidding Law and its related regulations shall be carried out through tendering in strict accordance with the relevant laws and regulations.

We have formulated and strictly complied with the Connected Transaction Management System (關連交易管理制度) and Connected Transaction Management Process (關連交易管理流程), standardize the pricing principle and method, manage the assignment of responsibility, decision making authority and disclosures for connected transactions. For example, both connected directors and shareholders are abstain from voting and not to exercise the voting rights on behalf of other directors in the process of voting on connected transaction of renewal of financial services Framework Agreement at a Board meeting and general meeting.

In 2015, we quarterly reviewed the implementation of connected transactions of the Company and made timely report to the management about the problems found during review and made improvement promptly. To strengthen the Company's management of connected transactions, we organized trainings and exchanges regarding connected transactions for our main subsidiaries and main connected persons to ensure compliance of the management of all connected transactions with regulatory requirements.

The independent non-executive Directors of the Company have examined the specific implementation of the continuing connected transactions and confirmed that:

- the transactions were entered into in the ordinary and usual course of business of the Company;
- the transactions were carried out on normal commercial terms or more favorable terms;
- the transactions were carried out in accordance with the framework agreements in respect thereof, the terms of which were fair and reasonable and in the interest of our shareholders as a whole.

We have also engaged an external auditors to review our continuing connected transactions to ensure that the transactions carried out under the framework agreements will be in compliance with the requirements under the Listing Rules. The Board has confirmed that the auditors has issued an unqualified letter in respect of the aforesaid continuing connected transactions in accordance with Rule 56 of Chapter 14A under the Listing Rules and report the results in this letter to the Board, and a copy of the auditor's letter was submitted to the Hong Kong Stock Exchange. The letter stated that:

- the relevant continuing connected transactions have been approved by the Board;
- the relevant continuing connected transactions that there would be any transactions involving the provision of goods and services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in any material respects, in accordance with the pricing policies of the Group;

Directors' Report

- the relevant continuing connected transactions were conducted pursuant to the relevant framework agreements governing those transactions;
- the relevant continuing connected transactions did not exceed their respective annual caps applicable to such transactions.

The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

Related Party Transactions

Details of the significant related party transactions carried out in the normal course of business are set out in note 45 to the Consolidated Financial Statements. Save as the connected transactions disclosed above, none of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules.

Permitted Indemnity Provisions

At no time during the year ended December 31, 2015 and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors and Supervisors (whether made by the Company or otherwise) or an associated company (if made by the Company).

The Company took out directors' liability insurance for Directors during the year. The relevant insurance covers the liability of Directors and the related costs incurred by the Directors in respect of potential legal proceedings against them arising out of corporate activities.

Auditors

The consolidated financial statements for the year have been audited by Deloitte Touche Tohmatsu, its term of appointment shall expire on the date of the annual general meeting of the Company, and the Company has not changed its auditors for the previous three years.

Remuneration Policy

For details of the Company's remuneration policy please refer to the section headed "Human Capital" on Page 56 and the section headed "Report of Remuneration Committee" on Page 132.

Remuneration of Directors and Five Individuals with the Highest Remuneration

Details of the remuneration of the Directors and the five individuals with the highest remuneration are set out in note 14 to the Consolidated Financial Statements.

Employee Retirement Plan

For details of the Company's employee retirement benefits, please refer to the section headed "Report of Remuneration Committee" on Page 132.

Charitable Donations

For the year ended December 31, 2015, the Group made charitable and other donations in a total amount of RMB1.575 million.

By order of the Board
Zhang Shanming
Chairman

March 14, 2016

Report of Audit Committee

Composition

The Audit Committee was appointed by the Board, comprising three members, being Francis Siu Wai Keung (蕭偉強) (the chairman of the Audit Committee), Na Xizhi (那希志) and Zhuo Yuyun (卓宇雲), of which two members were independent non-executive Directors and one member was a non-executive Director. The details of their personal particulars were set out in the “Board of Directors, Supervisory Committee and Senior Management” of this Annual Report on page 80.

The Board has delegated to the Audit Committee with written terms of reference prepared according to the relevant requirements of the Articles of Association, the Company Law of the PRC, the Listing Rules, A Guide for Effective Audit Committees published by the Hong Kong Institute of Certified Public Accountants. The terms of reference are detailed in the Terms of Reference for the Audit Committee of CGN Power Co., Ltd. And set out on the websites of the Company and the Stock Exchange.

Meetings of the Audit Committee shall be held at least twice a year or an extraordinary meeting shall be convened where necessary. The meetings shall discuss internal audit work plan and listen to working reports from the Company’s management, review the Company’s half-year report and annual report, etc. The Audit Committee may, if needed, engage relevant professional institutions and listen to experts’ advice from professional institutions before making decisions and recommendations to the Board.

Duties and Responsibilities

- To provide advice on the appointment, reappointment, removal and remuneration of the independent auditors;
- To review and monitor the independence and objectivity of the independent auditors as well as the effectiveness of the audit process in accordance with the applicable standards, and discuss the nature and scope of the audit with the independent auditors before the audit commences;
- To formulate and implement policies on engaging external auditors to provide non-audit services according to work needs. The Committee shall report to the Board identifying and making recommendations on any matters where action or improvement is needed;
- To review the half-year and annual financial statements to be proposed to the Board, monitoring the completeness, accuracy and fairness of the financial statements of the Company. In reviewing these financial statements, the Committee shall focus on: any changes in accounting policies and estimates during the reporting period of the Company, matters involving major judgments, significant adjustments requested to be made by the independent auditors after auditing the accounts, the going concern assumptions or any qualified opinions of the Company, whether the accounting treatment is in compliance with the requirements of the enterprise accounting system and the relevant legal regulations;

Report of Audit Committee

- To consider any significant or unusual items which are reflected or required to be reflected in the reports and accounts of the Company, and give due consideration to any matters raised by the Company's accounting and finance department, compliance department or auditors;
- To discuss the review of the half-year accounts and audit of the Company by the independent auditors;
- To review the independent auditors' explanatory notes of inspection or management proposal letter (including any material queries raised by the independent auditors regarding the accounting records, financial accounts or monitoring system), and the responses to queries from the management officers of the Company;
- To communicate with the Board, senior management officers and the independent auditors in respect of the Company's financial reports on a regular basis, at least two meetings must be convened each year with the independent auditors of the Company;
- To be responsible for any important communication between internal auditors and external auditors;
- To review the Company's financial policies, internal audit system, internal control system and risk management system.
- The Audit Committee shall establish the relevant procedures for dealing with the following issues:
 - receiving, retaining and dealing with complaints coming to the knowledge of the Company in relation to accounting, internal control or auditing matters;
 - receiving or handling complaints or whistle blowing from the Company's employees on accounting or auditing matters and keeping their confidentiality;
- To complete other tasks delegated by the Board;
- To fulfill other duties and responsibilities delegated by the securities regulatory authorities in the jurisdiction where the Company is listed.

Annual Work Summary

- On March 13, 2015, the Audit Committee convened an on-site meeting to consider the Financial Report for 2014 (《2014年度財務報告》), the Summary of External Audit Work for 2014 and the Proposal on Selection and Appointment of External Auditors for 2015 (《2014年度外部審計工作總結及2015年度外部審計機構聘選方案》), the Comprehensive Risk Management System of CGN Power Co., Ltd. (《中國廣核電力股份有限公司全面風險管理制度》), the Internal Control Assessment Report for 2014 (《2014年度內部控制評價報告》) and the Work Report of the Audit Committee for 2014 (《2014年度審計委員會工作報告》), and to review the Report on Internal Audit Work for 2014 (《2014年度內部審計工作報告》). All members of the Audit Committee expressed their independent opinions on the aforesaid, and agreed unanimously to submit the Comprehensive Risk Management System of CGN Power Co., Ltd. (《中國廣核電力股份有限公司全面風險管理制度》), the Internal Control Assessment Report for 2014 (《2014年度內部控制評價報告》) and the Work Report of the Audit Committee for 2014 (《2014年度審計委員會工作報告》) to the Board for consideration and approval, and to submit the Financial Report for 2014 (《2014年度財務報告》) and the Proposal on Selection and Appointment of External Auditors for 2015 (《2015年度外部審計機構聘選方案》) to the Board for consideration and then to the general meeting for approval.
- On May 25, 2015, the Audit Committee convened an on-site meeting to review various matters including the Internal Audit System of the Company (《公司內部審計制度》) and the Internal Audit Work Progress from January to April 2015 (《2015年1-4月內審工作進展情況》). All members of the Audit Committee expressed their independent opinions on the aforesaid, and carried out discussion on the matters including the internal audit work progress.
- On August 17, 2015, the Audit Committee convened an on-site meeting to review the Report on Internal Audit Work of the Company (《公司內部審計工作情況報告》), the Proposal on Management and Audit of Outages of Nuclear Power Generating Units (《核電機組大修管理審計方案》) and the Risk Management Assessment Proposal of the Company for 2015 (《公司2015年風險管理評價方案》), and to consider the Interim Financial Report of the Company for 2015 (《公司2015年中期財務報告》), the Interim Report of the Company for 2015 (《公司2015年中期報告》), the Interim Results Announcement of the Company for 2015 (《公司2015年中期業績公告》) and the Internal Control Assessment Proposal of the Company for 2015 (《公司2015年內部控制評價方案》). All members of the Audit Committee expressed their independent opinions on the aforesaid, and agreed unanimously to submit the aforesaid to the Board for approval.
- On November 4, 2015, the Audit Committee convened an on-site meeting to review the Report on the Progress of Internal Audit Work (《內部審計工作情況報告》), the Report on Management and Audit of Outages of Nuclear Power Generating Units (《核電機組大修管理審計進展情況報告》), the Report on the Progress of Internal Control and Risk Management Assessment for 2015 (《2015年度內部控制及風險管理評價進展情況報告》) and the Proposal Final Accounts Audit Work of the Company for 2015 (《公司2015年財務決算審計工作方案》). They have discussed on the proposal annual audit work of the auditors and reviewed the Resolution on Amendments to the Terms of Reference for the Audit Committee of CGN Power Co., Ltd. (《關於修訂<中國廣核電力股份有限公司董事會審計委員會工作規則>的議案》). All members of the Audit Committee expressed their independent opinions and agreed unanimously to submit the aforesaid to the Board for approval.

Report of Remuneration Committee

Composition

The Remuneration Committee was appointed by the Board, comprising three members, being Hu Yiguang (胡裔光) (the chairman of the Remuneration Committee), Francis Siu Wai Keung (蕭偉強) and Xiao Xue (肖學), of which two members were independent non-executive Directors and one member was a non-executive Director. Details of their personal particulars are set out in “Directors, Supervisors and Senior Management” of this Annual Report on page 80.

The Board has delegated to the Remuneration Committee with written terms of reference prepared according to the Articles of Association, the Company Law of the PRC, the Listing Rules and other related provisions. The terms of reference are detailed in Terms of Reference for the Remuneration Committee of CGN Power Co., Ltd. and set out on the websites of the Company and the Stock Exchange.

Meetings of the Remuneration Committee shall be held at least twice a year or an extraordinary meeting shall be convened where necessary. The meetings shall discuss the annual work plan and listen to the work report of the Company’s management, consider and review the report of the Remuneration Committee as well as formulate the remuneration allocation plan and methods, etc. The Remuneration Committee may, if needed, employ professionals and listen to expert advice from professional institutions before making decisions and recommendations to the Board.

Duties and Responsibilities

- To study the remuneration policy, structure and procedures for formulating remuneration policies of remuneration (including benefits in kind, pensions and compensation payments) for Directors, Supervisors and senior management officers and make recommendation to the Board. The procedures for formulating remuneration policies shall be formal and transparent;
- To consider and make recommendation on the appraisals of Directors, Supervisors and senior management officers;
- To review and approve performance-based remuneration proposals for management officers with reference to corporate goals and objectives set by the Board;
- To approve with authority delegated by the Board or make recommendations to the Board on the remuneration and benefits of the individual executive Directors and senior management;
- To make recommendations to the Board on the remuneration of non-executive Directors;
- To consider the level of salaries paid by comparable companies, time commitment and responsibilities of the relevant individual, and other positions held by such individual in the Company when determining the remuneration and benefits for Directors, Supervisors and senior management;
- To supervise the implementation of the remuneration system for Directors, Supervisors and senior management officers of the Company;
- To review and approve the compensation arrangements for Directors, Supervisors and senior management officers for any loss or termination of office and dismissal due to misconduct;
- To ensure that none of the Directors or any of his/her/its associates will be involved in deciding on his/her/its own remuneration.

Annual Work Summary for the Year

- On March 13, 2015, the Remuneration Committee convened an on-site meeting to consider the 2014 Report on the Work of the Remuneration Committee of the Board, Resolution on the 2015 Remuneration Plan for Directors and Supervisors, Resolution on the 2015 Remuneration Plan for the Senior Management Including the Chief Financial Officer, Resolution on the 2015 Performance Appraisal Plan for the President, Resolution on the 2015 Performance Appraisal Plan for the Senior Management Including the Chief Financial Officer. Members expressed independent opinions and agreed unanimously to submit the items to the Board for consideration and approval, while the Resolution on the 2015 Remuneration Plan for Directors and Supervisors was submitted to the general meeting for consideration and approval.
- On November 4, 2015, the Remuneration Committee convened a telephone conference to consider the Resolution on Approving the Implementation Plan for Grant of the First Tranche of Share Appreciation Rights by the Company Under the Share Appreciation Rights Incentive Scheme (《關於批准公司首期授予股票增值權激勵計劃實施方案的議案》). All members of the Audit Committee expressed their independent opinions on the resolution, and agreed unanimously to submit the resolution to the Board for approval.

Remuneration for Directors, Supervisors and Senior Management Officers

The remuneration for a director appointed by the controlling shareholders and the participating shareholders of the Company shall be paid by the company he/she works for. The remuneration for the independent non-executive Directors appointed by the Company is determined by such factors as the size of the Company, the industry in which the Company operates, and with reference to the appointments held by a Director in the Board Committees.

The remuneration for executive directors of the Company is determined in accordance with the remuneration requirements of the Company.

The remuneration for supervisors appointed by the controlling shareholders of the Company shall be paid by the company he/she works for. It is determined in accordance with the remuneration requirements of the Company.

The remuneration of senior management of the Company is determined in accordance with the remuneration requirements of the Company.

Directors of the Company (excluding independent non-executive directors) and senior management are eligible to participate in the Share Appreciation Rights Incentive Scheme.

The remunerations for Directors, Supervisors and senior management officers for 2015 in total are as follows.

The details of the remuneration for Directors, Supervisors and senior management officers and the details of the remunerations for the five individuals with the highest remuneration please refer to Notes 14 and 45d to the consolidated financial statements.

(Unit: RMB'000)

	Fees	Salaries and other allowances	Discretionary bonus Pension scheme contributions*	Total
Directors	1,550	544	78	2,172
Supervisors	225**	2,046	135**	2,406
Senior management officers	—	2,838	225	3,063

* Pension Scheme: The Company contribute a certain proportion of the salaries of all the staff for their basic pension insurance according to the national and local regulations on pensions, and the staff will collect their pension according to the local policies upon retirement. In addition, the Company has also launched a corporation pension plan. According to the plan, the Company will contribute an amount not exceeding 5% of the individual contracted remuneration per month and the individuals will contribute an amount not exceeding one-third of the contribution from the Company, and the staff can collect such pension from their individual accounts per month upon retirement. Other than this, the Company has no more responsibilities for the pension scheme of the staff.

** The amount is based on the total remuneration of all supervisors and is broken down into items. Difference exists between the last digit of the amount with the corresponding amount (based on the remuneration of each supervisor and is broken down into items) disclosed in note 14 to the Consolidated Financial Report.

Report of Nomination Committee

Composition

Members of the Nomination Committee are nominated by the Board, and it comprises three members, namely Na Xizhi (the chairman of the Nomination Committee), Zhang Shanming (the Chairman and a non-executive Director) and Hu Yiguang (an independent non-executive Director). Two of the members are independent non-executive Directors and the remaining one is a non-executive Director. Their biographical details are set out in the "Board of Directors, Supervisory Committee and Senior Management" of this Annual Report on page 80.

The Board has delegated to the Nomination Committee with written terms of reference prepared according to the relevant requirements of the Articles of Association, the PRC Company Law and the Listing Rules. The terms of reference are detailed in the Terms of Reference for the Nomination Committee of CGN Power Co., Ltd. and set out on the websites of the Company and the Hong Kong Stock Exchange.

Meetings of the Nomination Committee shall be held at least once a year or an extraordinary meeting shall be convened where necessary. The meetings shall review the composition of the Board and the Board diversity policy and discuss the annual work plan, etc. The Nomination Committee may, if needed, engage relevant professional institutions and listen to their advice before making decisions and then makes recommendations to the Board of the Company.

Duties and Responsibilities

- To review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board on a regular basis annually, and make recommendations on any proposed changes to the Board to complement the Company's strategies;
- To recommend individuals suitable to become members of the Board, select and nominate such individuals for directorships or make recommendations thereon;
- To assess the independence of the independent non-executive Directors;
- To make recommendations to the Board for the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the general manager;
- To review the Board diversity policy and any measurable objectives for implementing such Board diversity policy as may be adopted by the Board from time to time, and to review the progress of achieving relevant objectives;
- To fulfill such other duties and responsibilities delegated by the Board.

Annual Work Summary

- On December 15, 2015, the Nomination Committee convened an on-site meeting to review the structure and composition of the Board, the independence of independent non-executive Directors, the retirement and appointment plans for the current Board and the procedures for retirement and appointment of Directors, and to consider the Resolution on Assessment Indicators for Board Diversity Policy of the Company (《關於公司董事會多元化政策評價指標的議案》). The Nomination Committee recommended to establish evaluation indicators of the Board based on structure of the Board and Directors' performance of duties and submitting the same to the Board for approval.

Policy on Board Diversity

The Board has approved the Board Diversity Policy of CGN Power Co., Ltd. (《中國廣核電力股份有限公司董事會成員多元化政策》), setting forth: (1) purpose of the policy; (2) outlook; (3) principles; (4) candidates of the Board should be considered for various factors including but not limited to gender, age, culture and education background, race, professional experience, skills, knowledge and term of services; and (5) review and report, etc. The policy is available on the Company's website.

Report of Nuclear Safety Committee

Composition

On March 18, 2015, the 7th meeting of the first session of the Board approved the Resolution on Approval of Setting up of the Nuclear Safety Committee under the Board of Directors (《關於批准設立董事會核安全委員會的議案》), the Resolution on Election of Members of the Nuclear Safety Committee under the Board of Directors (《關於選舉董事會核安全委員會委員的議案》) and the Resolution on the Approval of Terms of Reference for the Nuclear Safety Committee under the Board of Directors of CGN Power Co., Ltd. (《關於批准中國廣核電力股份有限公司董事會核安全委員會工作規則的議案》), and agreed to set up the Nuclear Safety Committee under the Board of Directors. The Nuclear Safety Committee comprises five members, being Zhang Shanming (the chairman of the Nuclear Safety Committee), Gao Ligang, Xiao Xue, Zhuo Yuyun and Na Xizhi, of which one member is an independent non-executive director, three members are non-executive directors and one member is an executive director. The details of their personal particulars were set out in the “Board of Directors, Supervisory Committee and Senior Management” of this Annual Report on page 80.

The Board has delegated to the Nuclear Safety Committee with written terms of reference prepared according to the Articles of Association, the Company Law of the PRC, the Production Safety Law of the PRC, the Listing Rules and other related provisions. The terms of reference are detailed in Terms of Reference for the Nuclear Safety Committee under the Board of Directors of CGN Power Co., Ltd. and set out on the website of the Company and the website of the Hong Kong Stock Exchange.

Meetings of the Nuclear Safety Committee shall be held at least twice a year. The meetings shall discuss internal nuclear safety plan and listen to working reports from the Company’s relevant departments. The Nuclear Safety Committee may, if needed, engage relevant professional institutions and listen to experts’ advice from professional institutions before making relevant recommendations to the Board.

Duties and Responsibilities

- To listen to presentation of the Company relating to status of nuclear safety;
- To listen to independent nuclear safety assessment reports by third-party organizations acquired by the Company;
- To implement independent nuclear safety oversight, offer guidance and conduct research activities in accordance with the needs;
- To report observations and recommendations to the Board;
- To give appropriate response to the shareholders’ meeting on nuclear safety issues of concern;
- To fulfill such other duties and responsibilities delegated by the Board;
- To fulfill other duties and responsibilities delegated by the regulatory authorities in the jurisdiction where the Company is listed.

Annual Work Summary

- On June 11, 2015, the Nuclear Safety Committee convened a physical meeting to consider the Overall Report of the Company’s Nuclear Safety Situation (《公司核安全情況總體匯報》) and the Report on Excessive Carbon Content in partial Forging Division of the Top and the Bottom of Pressure Vessel of EPR Project in France under Taishan Company. The meeting fully discussed the report and achieved unanimity.
- On November 4, 2015, the Nuclear Safety Committee convened a physical meeting to review the Periodic Special Report on Corporate Safety Management. All members of the Nuclear Safety Committee expressed their independent opinions on the aforesaid, and agreed unanimously to submit the resolution to the Board for approval.

Report of Supervisory Committee

Composition

On January 28, 2015, Mr. Li Yourong, the chairman and non-employee representative Supervisor of the Supervisory Committee tendered his resignation as the chairman and Supervisor of the Supervisory Committee due to job changes. Mr. Chen Sui, being a non-employee representative Supervisor, and Mr. Shi Weiqi, being an employee representative Supervisor, resigned as Supervisors due to job changes.

In order to further improve the Company's governance structure, the Board proposed to increase the number of Supervisors and adjust the composition of the Supervisory Committee, so that the independent Supervisors (who are independent from the Company's shareholders and do not serve any position in the Company) shall reach two or more, and the external Supervisors shall account for more than half of the total number of the Supervisors. On June 12, 2015, as considered and passed at the general meeting, the number of Supervisors increased from three to five, being Mr. Pan Yinsheng, Mr. Yang Lanhe, Mr. Chen Rongzhen, Mr. Cai Zihua and Mr. Wang Hongxin, among whom there are three non-employee representative Supervisors and two employee representative Supervisors.

On June 19, 2015, upon election by all members of the Supervisory Committee, Mr. Pan Yinsheng was appointed as the chairman of the Supervisory Committee of the Company.

Biographical details of the current Supervisors are set out in the "Board of Directors, Supervisory Committee and Senior Management" of this Annual Report on page 83.

Duties and Responsibilities

- To review the Company's financial position;
- To monitor any acts of Directors and senior management officers in contravention with any laws, administrative regulations or the Articles of Association in the course of performing their duties in the Company, and to propose dismissal of Directors or senior management officers who are in breach of laws, administrative regulations, the Articles of Association or resolutions of the general meetings;
- To demand Directors or senior management officers of the Company to make rectifications if their acts are harmful to the Company's interests;
- To check and inspect the financial information, such as the financial reports, business reports and profit distribution plans, intending to be submitted by the Board to general meetings, and to appoint certified public accountants or practicing auditors in the name of the Company to assist in reviewing such information should any doubt arise in respect thereof;
- To make proposals in a general meeting;
- To propose convening an extraordinary general meeting and to convene and preside at the general meeting when the Board fails to perform the duties of convening or presiding at a general meeting pursuant to the requirements of the PRC Company Law;
- To propose convening an extraordinary Board meeting;
- To negotiate with Directors or senior management officers or bring legal actions against a Director or a senior management officer on behalf of the Company;
- To conduct investigations into any abnormalities in the operation of the Company; and if necessary, may appoint an accounting firm, a law firm or other professional institutions to assist its work, and the expenses incurred shall be borne by the Company;
- To perform other duties and powers as stipulated in the Articles of Association.

Annual Work Summary for the Year

Members of the Supervisory Committee perform their supervisory duties and responsibilities pursuant to the laws, regulations, the Articles of Association and the mandate granted by a general meeting, and shall be accountable to a general meeting, in order to protect the interests of the shareholders, the Company and the staff against infringements. During the reporting period, the Supervisory Committee held six meetings. Pursuant to the provisions of the Articles of Association and the Rules of Procedures of Supervisory Committee Meetings, the Supervisors attended all Board meetings and General meetings of the Company to carry out careful supervision and inspection on the lawful operation of the Company, the financial position of the Company and the official acts conducted by the Board and the management of the Company.

During 2015, the meetings convened by the Supervisory Committee are as follows:

Number	Meeting	Time	Method of Convening	Attendance/ Number of Supervisors
1	Second meeting of the first session of the Supervisory Committee	January 28, 2015	Written	3/3
2	Third meeting of the first session of the Supervisory Committee	March 19, 2015	Physical	2/3 ⁽¹⁾
3	Fourth meeting of the first session of the Supervisory Committee	March 30, 2015	Written	3/3
4	Fifth meeting of the first session of the Supervisory Committee	June 19, 2015	Physical	4/5 ⁽²⁾
5	Sixth meeting of the first session of the Supervisory Committee	August 19, 2015	Physical	5/5
6	Seventh meeting of the first session of the Supervisory Committee	November 5, 2015	Physical	4/5 ⁽³⁾

- (1) Chen Sui, a Supervisor, failed to attend the third meeting of the Supervisory Committee due to other business engagement. He delegated in writing to Li Yourong, a Supervisor, to attend and vote at such meeting on his behalf.
- (2) Cai Zihua, a Supervisor, failed to attend the fifth meeting of the Supervisory Committee due to other business engagement. He delegated in writing to Wang Hongxin, a Supervisor, to attend and vote at such meeting on his behalf.
- (3) Wang Hongxin, a Supervisor, failed to attend the seventh meeting of the Supervisory Committee due to other business engagement. He delegated in writing to Cai Zihua, a Supervisor, to attend and vote at such meeting on his behalf.

Report of Supervisory Committee

Agenda:

- To consider the Resolution on the Adjustment of the Composition of the Supervisory Committee of CGN Power Co., Ltd.
- To consider the Resolution on the Amendment of the Procedural Rules of the Supervisory Committee of CGN Power Co., Ltd.
- To consider the 2014 Financial Statements
- To consider the 2014 Profit Distribution Plan from the Listing Date to Year-End
- To consider the 2014 Work Report of the Supervisory Committee
- To consider the 2014 Internal Control Assessment Report
- To consider the Resolution on the Recommendations of the Nominated Candidates for Independent Supervisors of CGN Power Co., Ltd.
- To consider the Resolution on the Election of Chairman for the First Session of the Supervisory Committee of the Company
- To consider the Report on the Amendments of the Rules of Procedures of Supervisory Committee Meetings
- To consider the 2015 Interim Financial Report
- To consider the Summary and Recommendation of the Duties and Responsibilities of the Supervisory Committee

During 2015, the attendance of the Supervisors of the Company at the Board meetings and general meetings are as follows:

Name	Position	Attendance at the Board meetings as observers/ Number of Meetings	Attendances at general meetings as observers/ Number of Meetings
Former Supervisors			
Li Yourong	Employee representative supervisor/ Chairman of the Supervisory Committee	2/3 ⁽¹⁾	1/1
Chen Su	Non-employee representative supervisor	1/3 ⁽²⁾	0/1 ⁽⁵⁾
Shi Weiqi	Employee representative supervisor	0/3 ⁽³⁾	0/1 ⁽⁶⁾
Current Supervisors			
Pan Yinsheng	Non-employee representative supervisor/ Chairman of the Supervisory Committee	2/2	0/0
Yang Lanhe	Non-employee representative supervisor	2/2	0/0
Chen Rongzhen	Non-employee representative supervisor	2/2	0/0
Cai Zihua	Employee representative supervisor	2/2	0/0
Wang Hongxin	Employee representative supervisor	1/2 ⁽⁴⁾	0/0

- (1) Li Yourong, a Supervisor, did not attend the sixth meeting of the first session of the Board meeting as observer due to other business engagement.
- (2) Chen Su, a Supervisor, did not attend the seventh and eighth meeting of the first session of the Board meeting as observer due to other business engagement.
- (3) Shi Weiqi, a Supervisor, did not attend the sixth, seventh and eighth meeting of the first session of the Board meeting as observer due to other business engagement.
- (4) Wang Hongxin, a Supervisor, did not attend the tenth meeting of the first session of the Board meeting as observer due to other business engagement.
- (5) Chen Su, a Supervisor, did not attend the 2014 AGM due to other business engagement.
- (6) Shi Weiqi, a Supervisor, did not attend the 2014 AGM due to other business engagement.

Report of Supervisory Committee

Independent Opinions from the Supervisory Committee on the Lawful Operation of the Company

The Company operates in compliance with the law and its substantial decisions are made in compliance with relevant laws and regulations. The internal control system established by the Company meets the demands of management. The Board and the Management of the Company are able to operate regularly in strict compliance with the PRC Company Law, the PRC Securities Law, the Articles of Association and regulations of Hong Kong, performing their duties and responsibilities with integrity and diligence, and carefully implemented resolutions passed and mandates granted by general meetings. Company's decisions and operating activities were in compliance with the laws and regulations and the Articles of Association. During the reporting period, no violation of the laws, regulations and the Articles of Association committed by the Board and the management of the Company was identified and no harm was inflicted on the interests of the Company.

Independent Opinions from the Supervisory Committee on the Financial Information of the Company

The financial statements of the Company give an objective, true and fair view of the financial position and the operating results of the Company in all material aspects and are true and reliable under its regulated financial auditing and sound internal control system.

The Supervisory Committee of the Company will continue to diligently and duly perform its supervisory duties in strict compliance with the PRC Company Law, the Articles of Association and the State's relevant laws and regulations, so as to enhance the Company's standard operation and safeguard the lawful interests of the Company and its shareholders.

Independent opinions from the Supervisory Committee on the operation of the Company's internal control system

In accordance with the requirements of the relevant provisions of the Basic Standards of Internal Control for Enterprises (《企業內部控制基本規範》), upon adequate verification of the Company's internal control operation, the Supervisory Committee is of the view that the existing internal control system of the Company has complied with the currently applicable laws, regulations and regulatory requirements, and can exercise effective control over risks in all material respects; and that the Internal Control Assessment Report of the Company for 2015 (《公司2015年度內部控制評價報告》) has given an objective and true view of the establishment, operation, inspection and supervision of the internal control system of the Company.

The Supervisory Committee of the Company will continue to diligently and duly perform its supervisory duties in strict compliance with the PRC Company Law, the Articles of Association and the State's relevant laws and regulations, so as to enhance the Company's standard operation and safeguard the lawful interests of the Company and its shareholders.

Risk Management Report

Philosophy of Risk Management

We face various risks from internal and external during the development process of the Company. We need to proactively identify and manage risks to mitigate, transfer, avoid or manage the effects resulting from such risks, while at the same time raise the effect and efficiency of operation, create and protect the Company's values. In this respect, the Company has strived to improve its comprehensive risk management structure, raising the Company's ability in risk management and nurture a sound risk management culture. We focus on the identification, analysis, assessment and management of relevant risks to create a safe, healthy, efficient and environment-friendly working environment for employees and contractors, while ensuring the safety and health of the public and minimizing the impacts on environment. Risk management is implemented throughout every aspects of business management and operational process. Every employee of the Company is a safeguard to risk management.

- At the strategic planning level, the Company focuses on the assessment of major risks relating to business development, so as to provide better support for the implementation of corporate strategic planning and business development.
- At the daily operational level, the Company focuses on promoting the full implementation of major policies to achieve management objectives, so as to protect the effectiveness of business management, lower the uncertainties in achieving business objectives, and ensure the Company is in compliance with the related rules and regulations.

Objectives, Strategies, System and Procedure of Risk Management

Objectives and Strategies of Risk Management

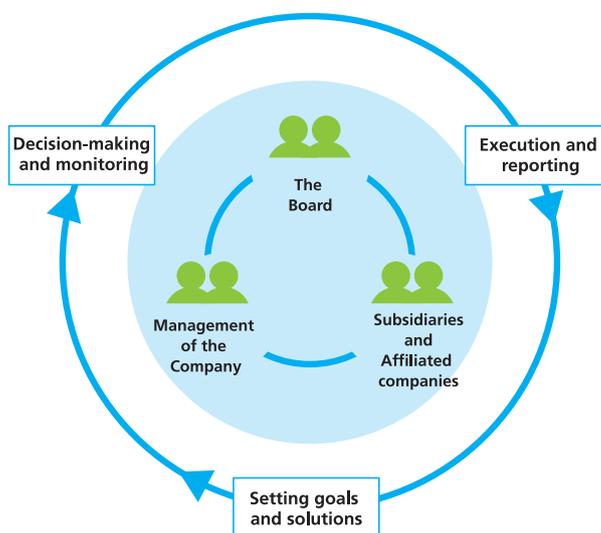
The risk tolerance of the Company refers to the level of risk that the Company is willing to undertake in order to achieve its own strategic and business objectives. The Board is responsible for the assessment of the risk in which the Company is willing to tolerate. The assessment is mainly based on the Company's values, goals and resources, and must follow the requirements of the related rules and regulations. The reasonable level of risk that is acceptable by the Company must conform to its development strategy and can be fully understood and controlled and will not place the Company under the following risks:

- having a disruptive influence on the Company's development;
- occurrence of serious incidents, resulting in disruption of operation/supply;
- material financial losses that affect the business development capacity of the Company, and/or cause serious damage to the Company's financial management capacity;
- incidents that affect the safety and the health of the employees, contractors and the public;
- serious violations of external regulations to the extent that the Company may disrupt operations/withdraw licenses and/or be imposed of huge fines;
- causing harm to the Company's reputation and brands.

Based on the above risk conditions, we adopted a matrix approach in the assessment of risks and rank their priorities, and require each business unit to identify the consequences and possibilities of risks, and take appropriate risk prevention strategies and corresponding measures.

Risk Management Report

Risk Management Structure of the Company



<p>The Company's risk management system:</p> <ul style="list-style-type: none"> • promoting the full identification and delivery of risk information to ensure the establishment of an effective risk management system; • ensuring the effective operation of the risk management system and clarifying the roles and responsibilities for risk management; • including the following three different roles and responsibilities. 	
Decision-making and monitoring	<p>Board</p> <p>To consider annual risk management report, to supervise, assess and inspect the effectiveness of the operation of the Company's internal overall risk management system, to monitor the major risks for the year and fulfill the management responsibilities of major risks.</p>
Setting goals and solutions	<p>Management of the Company</p> <p>President</p> <ul style="list-style-type: none"> • To continuously improve the risk management system; • To understand and know the significant risks to which the Company faces and their existing status, and to approve major risk management solutions of the Company; • To continuously supervise and evaluate the effectiveness of establishing and operating the Company's comprehensive risk management system.
	<p>Risk Management Department</p> <ul style="list-style-type: none"> • To promote and facilitate the normal operation of the Company's comprehensive risk management and related risk management workflow; • To organize and coordinate the routine work of the comprehensive risk management; • To guide and supervise each unit to carry out comprehensive risk management; • To prepare the monthly risk monitoring reports, and the quarterly and annual risk assessment reports by the Company.
Execution and reporting	<p>Other departments, business units of the Company, its subsidiaries and affiliated companies:</p> <ul style="list-style-type: none"> • To be responsible for the comprehensive risk management duties within the unit's business operation; • To manage the specific risks of the unit; • To submit the unit's monthly risk monitoring reports; • To organize the risk assessment of the unit according to the supervision of the Risk Management Department; • To organize the investigation, assessment and analysis on the relevant risk incidents occurred in the unit before, during and after such incidents.

The Workflow of Risk Management

The Company's risk management procedures:	
<ul style="list-style-type: none"> To cultivate sound risk management culture and establish a sound and comprehensive risk management system, including risk management strategies, organization and functions system of risk management and information and internal control system of risk management, by focusing on the overall operation objectives and through implementing basic flow processes of risk management in all segments of corporate management and in the course of business operation, in order to provide reasonably assured processes and methods for achieving the overall targets of risk management. To comply with the leading standard and practice in the industry, including ISO 31000:2009 risk management – principles and guidelines. To refer to the Listing Rules and the risk management contents of IAEA-TECDOC-1209. 	
Annual risk assessment	<ul style="list-style-type: none"> To conduct risk assessment concurrently when the Company makes business planning for the next year to identify significant risks which may affect the Company's business development. To prepare analysis on the internal and external situations for the next year by the Risk Management Department through such procedures as collecting, screening and sorting to identify significant risks to which the Company will face, and incorporate the significant risks identified as important inputs into the Company's business plans to ensure that appropriate management or monitoring measures will be adopted to avoid the negative effects of material risks on the Company's business development. After being considered at the specific meeting organized by the President, the resulting annual risk management report will be submitted to the Board for review.
Quarterly risk monitoring	<ul style="list-style-type: none"> To identify the significant risks and formulate the quarterly risk monitoring reports, which will then be submitted to the Board for review.
Monthly risk monitoring	<ul style="list-style-type: none"> The major business departments and major business units of the Company will prepare the monthly risk monitoring reports for their own units as the basis for risk information collection. The Risk Management Department will track selectively on risks that reveal a tendency of negative changes in the current month, and request the relevant business department or business unit to handle in a timely manner. The Risk Management Department will prepare a monthly risk monitoring report based on pre-screened and sorted key risk monitoring indicators and submit to the President and the Chairman for reporting the risk status of the current month.
Risk management during the business development process	<ul style="list-style-type: none"> In the process of the Company's development, when business units conduct major investment, they must identify significant risks and put forward corresponding countermeasures.

We will identify new risks through risk information collection from the basic level to the top level in daily risk monitoring, and we will discover changes in ranking of significant risks and identify the undiscovered risks that may arise through half-year risk assessment. Meanwhile, we will understand and discover new risks through various channels during the process of daily business development. We will timely analyze the situation of new risks brought out by external environmental changes, formulate and adopt corresponding measures. The new risks identified through internal operation and external environment which are recognized as significant risks after evaluation and analysis will be listed as key risks under monitoring.

Risk Management Report

Key Risk Management Initiatives in 2015

- Supplemented and optimized the risk management guidelines in 2015, combining the risk indicators of the subsidiaries and the affiliated companies and centralizing to the Company, thereby formulating a risk control dashboard. Improved the risk control indicators of ‘social responsibility’, ‘economic operation’ and ‘development outlook’.
- The Company updated the Comprehensive Risk Management System of CGN Power Co., Ltd., which fully realizes the amendments made by the Hong Kong Stock Exchange on risk management and internal control in the Corporate Governance Code and Corporate Governance Report.
- Reported to the Board about the Company’s situation of risk management on a quarterly basis, and strengthen the communication with the Board and the Audit Committee.
- Required all the subsidiaries and the affiliated companies to formulate independent risk management reporting systems, and they shall report about the risks to the senior management on a regular basis.
- Launched the evaluation targeting the effectiveness of the Company’s risk management.

In 2015, we have identified the following major risks in the actual business development, and have taken corresponding measures:

Description of risks	Key changes	Key measures
Safe and stable operation of multiple bases		
<p>As new units have successively been put into commercial operation, simultaneous operation and management of multiple bases have brought us many challenges.</p> <p>As part of our nuclear plant units have operated for 10 years, and it takes some time to inspect the new units, the assurance of reliability of equipment of multiple bases is also an issue we need to focus on.</p> <p>Three new units, namely Hongyanhe Unit 3, Ningde Unit 3 and Yangjiang Unit 2, commenced production in 2015.</p>	 In 2015, a total of 14 units are in operation, increased 3 units year-on-year.	<ul style="list-style-type: none"> • Establish and implement a qualification certification system for the key positions at operational levels, improving the technical skills of the operators. • Promote a sound safety culture among the multiple bases, and continue to carry out re-education of safety on all staff. • Control the human errors and raise the reliability standards of equipment at different units. • Enhance the management level of units lately commenced production through the “specialized, centralized, standardized” management.
 Lower than the risk level of last year	 Same as the risk level of last year	 Higher than the risk level of last year

Description of risks	Key changes	Key measures
Sales in power market		
<p>The nuclear power plants under our operation and management were affected by the local economic development, local demand for electricity and local power generation policies of the places in which they are located, posing challenges to the nuclear power bases in terms of sales of electricity.</p>	<div style="text-align: center;"></div> <ul style="list-style-type: none"> • In 2015, the overall power consumption growth rate was 0.5%, and the growth rate dropped 3.3 percentage points year-on-year. • As the increase of electricity demand slowed down, power grids request the units to operate at lower efficiency levels during holidays, the heating provision periods in winter and flood seasons because of surplus electricity. • Government and power grid projects affect power transmission, lowering the efficiency levels of the units. • Power grids request the units to operate at lower efficiency levels due to typhoons. 	<ul style="list-style-type: none"> • Strengthen the establishment of a marketing management system in the power market. • Formulate and implement corresponding solutions to lower and avoid the chances of deloading occurred during holidays. • Enhance marketing strength in the power market in most regions, so as to obtain a bigger market share.
Controls on projects under construction		
<p>Safety and quality control, progress control and cost control of nuclear power projects under construction are the challenges faced by us.</p>	<div style="text-align: center;"></div> <ul style="list-style-type: none"> • There are 14 nuclear power units under construction including the units entrusted by the controlling shareholder, increased 1 unit year-on-year. • After the units are synchronized, the limitations of power grids (including test windows, load levels, and on-grid permissions) will be more rigid, directly affecting the commissioning of the units. 	<ul style="list-style-type: none"> • Quality is more important than schedule, and project construction targets were guaranteed by specialized optimization measures. • Start auditing the costs of all projects, and strictly control the annual budget estimates of the projects. • Strengthen cost control of new projects, and launch an economic benchmark. • Continue to carry out nuclear safety education, and enhance the trainings for the Company's staff and contractors to avoid human errors, raising the workers' technical skills.
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;">  Lower than the risk level of last year </div> <div style="text-align: center;">  Same as the risk level of last year </div> <div style="text-align: center;">  Higher than the risk level of last year </div> </div>		

Risk Management Report

Description of risks	Key changes	Key measures
Financial risks		
<p>Exchange rate: As Renminbi exchange rate fluctuated, the foreign currency debts of the Group affected the expected earnings and cash flow.</p> <p>Debts: The Company's investment volume continues to expand, adding greater pressure to the Company's gearing ratio resulting in increased debts and financing scale of us, to add greater pressure to the Company's repayment of principal and interest.</p>	<div style="text-align: center;"></div> <p>The RMB exchanged rate reform, inclusion of RMB in SDR and the interest rate hike in USD, resulted in significant fluctuations in RMB exchange rate in 2015.</p> <p>The Company's assets and liabilities stay at a stable level, and its cash and bank credit lines are also in good protection.</p>	<ul style="list-style-type: none"> • In the precondition of meeting the requirements of regulatory bodies, the Company gradually minimized its exposure of foreign currency debts by taking initiatives such as forward transactions, debt swap and early repayment, and controlled newly added foreign currency debts by positively changing the financing terms for payments under foreign commercial contracts. • Strictly control and maintain the gearing ratio. Considering return and risks of different financing ways, combining our gear ratio, we carefully choose the steady way of financing. For the sizeable capital expenditure with favorable expected return, we shall cautiously consider the adoption of equity financing for risk balancing and enhancement of shareholders' value. • Maintain diversified ways of financing to establish a financing model with a mixture of short, medium and long-term capitals, a combination of direct financing and indirect financing, and the coexistence of various channels.
<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  Lower than the risk level of last year </div> <div style="text-align: center;">  Same as the risk level of last year </div> <div style="text-align: center;">  Higher than the risk level of last year </div> </div>		

In 2015, the overall nuclear safety situations are under control according to our inspection on the conditions of nuclear power generating units in operation in 2015 and the overall situations are under control without material and adverse changes according to our inspection on the conditions of projects under construction in 2015. Through reviewing the completion status of power generation plans for 2015 as well as internal and external efforts, the completion rate of the power generation plans was well guaranteed.

Outlook for 2016 and Important Measures

As the country is going through economic transformation, sectoral structural adjustments, and deepening reforms in the power market, the external environment will be more complicated for the Company in 2016. The Company will continuously and strictly monitor the situation according to an overall risk management system, offering a powerful protection for the Company to achieve its business goals. Therefore, we will:

- Continue to improve and implement the risk management structure of the Company in compliance with the HKEx Rules and the best practice of the industry;
- Promote the advancement of risk management, and evaluate the risk management of the Company, its subsidiaries and the affiliated companies, raising the risk management standards of the Company, its subsidiaries and the affiliated companies.
- Proactively tackle the challenges brought by electricity reforms in the structure of the power industry, and formulate corresponding strategies and measures.
- Continue to improve the close-loop management mechanism of risk management, and realize the management responsibilities of significant risks. We will take special measures and confirm the responsibilities of certain risks:
 - √ Establish a long-term mechanism among various nuclear power plants in operation to follow-up and handle significant and common technical issues, and formulate maintenance optimization for key components of units in operation, make emergency response plan for fault situation and carry out drill, so as to ensure that the operation power generating units are in stable operation.
 - √ Implement the requirements of the projects under construction. Respecting the premise of safety and quality, push forward the construction as planned, continuously optimize internal control management, and bring the cost of construction under control.
 - √ To optimize the marketing mechanism in sales of electricity, including the launch of regional market analyses, and unify power generating strategies and optimize power sales mode, so as to improve the on-grid electricity.



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中广核CGN



Independent Auditor's Report

TO THE MEMBERS OF CGN POWER CO., LTD.

中國廣核電力股份有限公司

(established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of 中國廣核電力股份有限公司 CGN Power Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 152 to 277, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

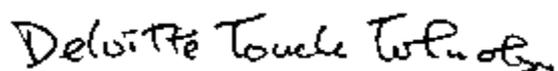
Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 14, 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2015

	NOTES	2015 RMB'000	2014 RMB'000 (Restated)
Revenue	6	23,262,898	20,718,676
Less: Tax surcharge		(387,944)	(304,153)
Cost of sales and services		(11,742,386)	(10,338,374)
Gross profit		11,132,568	10,076,149
Other income	7	1,754,039	1,812,508
Loss arising from changes in fair value of derivative financial instruments		(155,470)	(445,280)
Selling and distribution expenses		(2,380)	(4,049)
Other expenses		(203,861)	(223,246)
Administrative expenses		(1,680,999)	(1,519,261)
Other gains and losses	8	541,489	2,100,272
Share of results of associates		134,606	232,871
Share of results of joint ventures		638,670	228,430
Finance costs	9	(2,969,901)	(3,204,153)
Profit before taxation		9,188,761	9,054,241
Taxation	10	(1,116,185)	(1,228,041)
Profit for the year	11	8,072,576	7,826,200
Other comprehensive income (expenses):			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of a subsidiary		425,375	41,009
– Others		1,652	(4,214)
Other comprehensive income for the year, net of income tax		427,027	36,795
Total comprehensive income for the year		8,499,603	7,862,995

	NOTES	2015 RMB'000	2014 RMB'000 (Restated)
Profit for the year attributable to:			
Owners of the Company		6,593,646	6,192,761
Non-controlling interests		1,478,930	1,633,439
		8,072,576	7,826,200
Total comprehensive income attributable to:			
Owners of the Company		6,912,677	6,223,518
Non-controlling interests		1,586,926	1,639,477
		8,499,603	7,862,995
Earnings per share attributable to owners of the Company, basic and diluted (RMB)	13	0.145	0.186

Consolidated Statement of Financial Position

As at December 31, 2015

	NOTES	December 31, 2015 RMB'000	December 31, 2014 RMB'000 (Restated)	January 1, 2014 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	15	168,646,965	155,923,218	140,249,665
Intangible assets	16	1,254,208	1,134,763	1,152,093
Investment properties	17	652,050	697,278	182,506
Interests in associates	18	6,978,505	7,062,093	6,729,540
Interests in joint ventures	19	4,898,505	4,831,016	4,363,726
Available-for-sale investments	20	110,000	110,000	110,000
Deferred tax assets	21	133,855	125,239	119,750
Derivative financial instruments	29	8,346	18,137	216,104
Value-added tax recoverable	26	4,787,229	5,285,730	4,471,621
Prepaid lease payments	22	2,399,814	2,331,432	1,737,750
Deposits for property, plant and equipment	15	1,068,143	766,745	844,107
Other assets		12,143	12,143	12,143
		190,949,763	178,297,794	160,189,005
CURRENT ASSETS				
Inventories	23	10,790,294	9,346,453	8,387,072
Properties under development for sale	24	—	—	266,532
Completed properties for sale	24	—	—	46,768
Prepaid lease payments	22	65,743	63,007	50,058
Trade and bills receivables	25	3,538,964	2,345,547	1,623,065
Prepayments and other receivables	26	1,806,624	882,305	1,149,930
Amounts due from related parties	27	1,301,686	687,164	460,366
Loan to a fellow subsidiary	28	—	180,000	450,000
Derivative financial instruments	29	22,682	34,505	149,725
Restricted bank deposits	30	9,151	8,275	7,132
Cash and cash equivalents	30	7,178,593	26,962,549	7,595,622
Other deposits over three months	30	2,137,858	2,080,900	3,703,884
		26,851,595	42,590,705	23,890,154

	NOTES	December 31, 2015 RMB'000	December 31, 2014 RMB'000 (Restated)	January 1, 2014 RMB'000 (Restated)
CURRENT LIABILITIES				
Trade and other payables	31	8,025,225	6,655,421	10,991,653
Amounts due to related parties	32	1,469,899	5,194,421	1,842,132
Loans from ultimate holding company	33	2,000,000	3,745,000	9,131,000
Loans from fellow subsidiaries	33	1,581,400	658,400	2,165,862
Payable to ultimate holding company	33	1,995,921	3,530,000	—
Income tax payable		628,302	441,994	356,482
Provisions	37	834,864	770,320	736,819
Bank borrowings - due within one year	34	7,537,358	7,338,137	6,363,890
Note payable - due within one year	35	1,000,000	—	—
Derivative financial instruments	29	218,013	135,022	96,382
		25,290,982	28,468,715	31,684,220
NET CURRENT ASSETS/(LIABILITIES)		1,560,613	14,121,990	(7,794,066)
TOTAL ASSETS LESS CURRENT LIABILITIES		192,510,376	192,419,784	152,394,939
NON-CURRENT LIABILITIES				
Bank borrowings - due after one year	34	94,289,466	91,573,167	80,237,893
Notes payable - due after one year	35	11,091,066	10,100,000	8,500,000
Deferred tax liabilities	21	1,911,902	1,695,069	1,285,360
Deferred income	36	825,279	766,030	640,759
Provisions	37	1,755,732	1,526,003	1,286,493
Derivative financial instruments	29	140,634	259,984	164,640
Borrowings from a financial institution	34	—	953,467	—
Loans from fellow subsidiaries	33	3,775,834	4,471,233	3,204,397
Loans from ultimate holding company	33	—	—	1,200,000
Payables to ultimate holding company	33	—	2,000,000	5,530,000
Staff cost payables	46	10,690	—	—
		113,800,603	113,344,953	102,049,542
NET ASSETS		78,709,773	79,074,831	50,345,397

Consolidated Statement of Financial Position

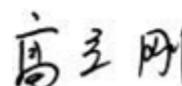
As at December 31, 2015

	NOTES	December 31, 2015 RMB'000	December 31, 2014 RMB'000 (Restated)	January 1, 2014 RMB'000 (Restated)
Capital and reserves				
Paid-in/share capital	38	45,448,750	45,448,750	19,767,604
Reserves		11,188,199	14,001,337	11,411,884
Equity attributable to owners of the Company		56,636,949	59,450,087	31,179,488
Non-controlling interests	39	22,072,824	19,624,744	19,165,909
TOTAL EQUITY		78,709,773	79,074,831	50,345,397

The consolidated financial statements on pages 152 to 277 were approved and authorized for issue by the board of directors on March 14, 2016 and are signed on its behalf by:



DIRECTOR



DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended December 31, 2015

	Attributable to owners of the Company							Non-controlling interests RMB'000	Total equity RMB'000
	Paid-in/ share capital RMB'000	Capital reserve RMB'000 (note a)	Statutory surplus reserve RMB'000 (note b)	Translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000			
At January 1, 2014 (Restated)	19,767,604	3,368,343	2,206,291	(2,044,854)	7,882,104	31,179,488	19,165,909	50,345,397	
Profit for the year	—	—	—	—	6,192,761	6,192,761	1,633,439	7,826,200	
Other comprehensive income for the year	—	—	—	30,757	—	30,757	6,038	36,795	
Total comprehensive income for the year	—	—	—	30,757	6,192,761	6,223,518	1,639,477	7,862,995	
Arising from reorganization (note 2(a))	8,137,039	(6,908,906)	—	—	—	1,228,133	—	1,228,133	
Capital injections	7,395,357	2,728,352	—	—	—	10,123,709	649,065	10,772,774	
Issue of shares (note 38)	10,148,750	12,122,189	—	—	—	22,270,939	—	22,270,939	
Expenses incurred in connection with issue of shares	—	(667,405)	—	—	—	(667,405)	—	(667,405)	
Deemed contribution from ultimate holding company	—	(3,045,646)	—	—	—	(3,045,646)	—	(3,045,646)	
Dividend paid (note 12)	—	—	—	—	(7,862,649)	(7,862,649)	(1,737,336)	(9,599,985)	
Disposal of a subsidiary (note d)	—	—	—	—	—	—	(92,371)	(92,371)	
Transfer	—	—	1,319,449	—	(1,319,449)	—	—	—	
At December 31, 2014 (Restated)	45,448,750	7,596,927	3,525,740	(2,014,097)	4,892,767	59,450,087	19,624,744	79,074,831	
Profit for the year	—	—	—	—	6,593,646	6,593,646	1,478,930	8,072,576	
Other comprehensive income for the year	—	—	—	319,031	—	319,031	107,996	427,027	
Total comprehensive income for the year	—	—	—	319,031	6,593,646	6,912,677	1,586,926	8,499,603	
Capital injections	—	—	—	—	—	—	2,098,656	2,098,656	
Acquisition under common control (note 2(b)) (note c)	—	(7,596,927)	(2,015,263)	—	—	(9,612,190)	—	(9,612,190)	
Dividend paid (note 12)	—	—	—	—	(113,625)	(113,625)	(1,237,502)	(1,351,127)	
Transfer	—	—	1,257,390	—	(1,257,390)	—	—	—	
At December 31, 2015	45,448,750	—	2,767,867	(1,695,066)	10,115,398	56,636,949	22,072,824	78,709,773	

Consolidated Statement of Changes in Equity

For the year ended December 31, 2015

Notes:

- (a) Capital reserve of the Group included deemed contribution from (distribution to) the ultimate holding company in relation to the nuclear power assets and liabilities transferred from the ultimate holding company to the Group before the completion of reorganization of the ultimate holding company (the "Reorganization"), the effects from change in Group's ownership interest in subsidiaries without loss of control as well as that from Reorganization (note 2(a)), and capital injection from owners of the Company in excess of paid-in share capital and issued ordinary shares deducted by share issue cost.
- (b) As stipulated by the relevant laws in the People's Republic of China (the "PRC"), entities in PRC are required to maintain a statutory surplus reserve. The statutory surplus reserve is 10% of profit after taxation of the entities according to the PRC statutory financial statements. The appropriation may cease to apply if the balance of the statutory surplus reserve has reached 50% of the PRC entities registered capital. The surplus reserve can be used to make up losses or for conversion into capital, or for other usage according to the relevant rules in PRC. The PRC subsidiaries may, upon the approval by a resolution of the owners, convert their surplus reserves into capital in proportion to their then existing capital contribution.
- (c) As stipulated by the relevant rules in PRC, for the acquisition under common control, if the consideration of the acquisition exceeds the capital reserve balance, the shortfall should be firstly deducted from the statutory surplus reserve, and then retained earnings if statutory surplus reserve is not sufficient to cover the shortfall.
- (d) In 2014, the Group disposed of 70% equity interest of 陽江核電基地開發有限公司 Yangjiang Nuclear Power Basement Development Co., Ltd. ("Yangjiang Site Development") and lost control in Yangjiang Site Development.

Consolidated Statement of Cash Flows

For the year ended December 31, 2015

	2015 RMB'000	2014 RMB'000 (Restated)
Operating activities		
Profit before taxation	9,188,761	9,054,241
Provisions for nuclear power operation	846,161	783,216
Depreciation of property, plant and equipment	3,165,174	2,774,277
Amortization of prepaid lease payments	41,621	34,881
Amortization of investment properties	64,499	54,969
Amortization of intangible assets	100,614	83,898
Finance costs	2,969,901	3,204,153
(Reversal) recognition of allowance for trade and other receivables	(62)	1,477
Allowance for inventories	31,270	21,809
Loss on disposals of property, plant and equipment	12,281	22,772
Gain on disposal of an associate	(19,463)	—
Gain on disposal of a subsidiary	—	(141,443)
Unrealized fair value change in derivative financial instruments	(15,007)	447,619
Government grant related to assets	(33,197)	(27,934)
Interest income	(353,738)	(172,079)
Share of results of joint ventures	(638,670)	(228,430)
Share of results of associates	(134,606)	(232,871)
Unrealized net exchange gains	(699,817)	(1,832,001)
Operating cash flows before movements in working capital	14,525,722	13,848,554
Increase in inventories	(1,329,089)	(981,190)
(Increase) decrease in trade and other receivables	(1,477,947)	(497,504)
Increase (decrease) in trade and other payables	614,865	(285,045)
Decrease in nuclear power provision	(769,669)	(736,953)
Decrease in completed properties for sale	—	2,283
Increase in properties under development for sale	—	(5,315)
Increase (decrease) in derivative financial liabilities, net	262	(448)
Cash generated from operations	11,564,144	11,344,382
Income tax paid	(778,007)	(741,518)
Net cash generated from operating activities	10,786,137	10,602,864

Finance, Assets and Investment

Business Performance and Analysis

Capitals

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Consolidated Statement of Cash Flows

For the year ended December 31, 2015

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Investing activities			
Interest received		353,738	172,079
Deposit paid and purchase of property, plant and equipment		(11,511,575)	(19,515,644)
Addition to intangible assets		(227,429)	(174,396)
Addition to prepaid lease payments		(129,438)	(71,011)
Proceeds from disposals of property, plant and equipment		38,463	117,638
Proceeds from disposals of intangible assets		7,370	107,828
Proceeds from disposal of an associate		358,208	—
Government grants received		92,446	153,205
Placement of deposits with original maturity over three months		(1,933,250)	(4,634,754)
Withdrawal of deposits with original maturity over three months		1,876,292	6,257,738
Placement of restricted bank deposits		(15,208)	(8,275)
Withdrawal of restricted bank deposits		14,332	7,132
Repayments of entrusted loans from fellow subsidiaries		180,000	450,000
Advance of entrusted loans to fellow subsidiaries		—	(180,000)
Capital contributions to associates		(330,406)	(260,972)
Capital contributions to joint ventures		(205,480)	(366,160)
Dividends received from associates		209,855	161,290
Dividends received from a joint venture		205,477	127,300
Acquisition of subsidiaries		(9,612,190)	—
Net proceeds from disposal of a subsidiary	47	—	70,731
Advance to related parties		(271,270)	(208,506)
Repayment from related parties		227,932	165,628
Net cash used in investing activities		(20,672,133)	(17,629,149)

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Financing activities			
Capital injections from non-controlling interests		2,098,656	649,065
Capital injections		—	10,123,709
Issue of shares upon listing, net of issuance costs		—	21,603,534
Interest paid		(6,670,339)	(6,548,415)
Loans from fellow subsidiaries		2,824,000	5,350,780
Repayments of loans to fellow subsidiaries		(2,594,115)	(5,585,299)
Repayment of payable to ultimate holding company		(3,530,000)	—
Loans from ultimate holding company		3,529,000	14,004,000
Repayments of loans to ultimate holding company		(5,274,000)	(20,590,000)
Proceeds from bank borrowings		15,837,183	19,644,102
Repayments of bank borrowings		(12,244,375)	(5,504,161)
Proceeds from borrowings from a financial institution		—	953,467
Repayments of borrowings from a financial institution		(953,467)	—
Proceeds from issuing notes payable		2,000,000	1,600,000
Dividends paid		(3,801,736)	(4,174,538)
Dividends paid to non-controlling shareholders with significant influence over the subsidiaries		(652,876)	(1,072,686)
Advance from related parties		2,190,673	2,587,674
Repayment to related parties		(2,811,710)	(6,633,790)
Net cash (used in) from financing activities		(10,053,106)	26,407,442
Net (decrease) increase in cash and cash equivalents		(19,939,102)	19,381,157
Cash and cash equivalents at the beginning of the year		26,962,549	7,595,622
Effects of exchange rate changes		155,146	(14,230)
Cash and cash equivalents at the end of the year		7,178,593	26,962,549

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

1. GENERAL INFORMATION

The Company was established in the PRC on March 25, 2014 (date of establishment) as a joint stock company with limited liability under the Company Law of the PRC and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on December 10, 2014.

The parent and the ultimate holding company of the Company is China General Nuclear Power Corporation ("CGNPC"), a state-owned enterprise in the PRC controlled by the State-Owned Assets Supervision and Administration Commission of the State Council (the "SASAC").

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and its principal subsidiaries.

2. BASIS OF PRESENTATION

- (a) On December 4, 2013, the SASAC approved the Reorganization of CGNPC. In March 2014, CGNPC entered into the reorganization agreement with the Company (the "Reorganization Agreement"). Pursuant to the Reorganization Agreement, the nuclear power operations (other than the Retained Nuclear Power Business as defined below, referred to as the "Nuclear Power Business") carried out by CGNPC are transferred to the Company, which includes nuclear power plant operation, nuclear project investment and nuclear power technology development carried out by CGNPC's subsidiaries, as well as certain assets and liabilities of CGNPC that are attributable to the Nuclear Power Business.

Pursuant to the Reorganization Agreement, nuclear power plant stations that are under construction or still at a preliminary development stage are not transferred to the Company and retained by CGNPC (the "Retained Nuclear Power Business"). In addition to the Retained Nuclear Power Business, CGNPC also carried out other businesses that are not related to nuclear power operation, including non-nuclear power businesses of wind, hydro, solar power and etc., applications of nuclear power technology other than nuclear power generation and other services (the "Other Business" together with the Retained Nuclear Power Business collectively referred to as the "Retained Businesses"). The Other Business is also retained by CGNPC.

In March 2014, the Company issued 27,904,643,370 ordinary shares of RMB1.00 per share to CGNPC in consideration for transferring the Nuclear Power Business from CGNPC to the Company. As the Nuclear Power Business transferred to the Company is controlled by CGNPC prior to and after the Reorganization, merger accounting has been applied. The Company and its subsidiaries (including the Nuclear Power Business directly operated by CGNPC) (collectively referred to as the "Group") resulting from the Reorganization has been regarded as a continuing entity throughout the year ended December 31, 2014 and accordingly the consolidated financial statements have been prepared as if the Company has always been the holding company of the Group throughout the year ended December 31, 2014. The Company has further issued 7,395,356,630 ordinary shares of RMB1.00 per share to the shareholders of the Group for a total cash consideration of approximately RMB10,124 million from April 2014 to June 2014.

2. BASIS OF PRESENTATION (Continued)

(a) (Continued)

As such, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended December 31, 2014 included the results, changes in equity and cash flows of the Group as if the group structure had existed throughout the year ended December 31, 2014, or since their respective dates of establishment or date of acquisition, where those is a shorter period.

Since part of the Nuclear Power Business was carried out by CGNPC directly during the year ended December 31, 2014 up to the date of establishment of the Company and completion of the Reorganization, to the extent the assets, liabilities, income and expenses are directly attributable to the Nuclear Power Business, such items are included in the consolidated financial statements of the Group throughout the year ended December 31, 2014. Income and expenses (other than certain administrative expenses), assets and liabilities have been identified by the management of the Group using a specific identification method.

Certain administrative staff costs (and related accrued payroll) have been allocated by headcount between the Nuclear Power Business and Retained Businesses. The amounts allocated to the Nuclear Power Business are included in the consolidated financial statements throughout the year ended December 31, 2014 prior to the establishment of the Company.

As part of the Reorganization, 廣東核電投資有限公司 Guangdong Nuclear Investment Co., Ltd. (“GNIC”) was transformed to a limited liability company on March 20, 2014, at which time, all its assets and liabilities were revalued. The Group engaged China Enterprise Appraisals Co., Ltd., an independent certified asset appraiser located in Room 901, Fanli Plaza, Chaoyangmenwai Street, Beijing, PRC, to carry out a professional valuation of the assets and liabilities of GNIC as at March 31, 2013. The revalued net assets of GNIC were recognized in the consolidated financial statements of the Group upon the first time adoption of International Financial Reporting Standards (“IFRSs”) by the Group by reference to the valuation of such assets and liabilities (the “event driven fair values”) and revaluation surplus amounting to approximately RMB1,228 million were credited to capital reserve accordingly.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

2. BASIS OF PRESENTATION (Continued)

- (b) In October 2014, the Company entered into an equity transfer agreement with CGNPC, the ultimate holding company of the Group. Pursuant to the agreement, the Company acquired 12.5% equity interest in 台山核電合營有限公司 Taishan Nuclear Power Joint Venture Co., Ltd. ("Taishan Nuclear") and 60% equity interest in 台山核電產業投資有限公司 Taishan Nuclear Power Industry Investment Co., Ltd. ("Taishan Investment"), one of Taishan Nuclear's existing equity holders with 47.5% equity interest in Taishan Nuclear. The Company paid to CGNPC a cash consideration of RMB9,612,190,000, after making adjustment to the consideration pursuant to the equity transfer agreement, which has been paid in full by the Company in 2015. The transaction was completed on April 30, 2015 after the completion of the share transfer registration. Before the acquisition, the Group owned 10% equity interest in Taishan Nuclear and accounted for the investment as available for sale investments. Upon completion of the acquisition, Taishan Nuclear became a subsidiary of the Group, with 70% of voting rights held by the Group.

As the Company, Taishan Investment and Taishan Nuclear are under common control of CGNPC, the above acquisition has constituted a business combination under common control. The assets and liabilities of Taishan Investment and Taishan Nuclear have been recognized in the consolidated financial statements of the Group at the carrying amounts recognized previously in CGNPC's consolidated financial statements. The consolidated financial statements of the Group have been restated as if the combination had occurred prior to the start of the earliest period presented.

2. BASIS OF PRESENTATION (Continued)

(b) (Continued)

The effects of these restatements described above on the Group's consolidated financial statements are as follows:

	The Group RMB'000	Taishan Nuclear RMB'000	Taishan Investment RMB'000	Elimination RMB'000	The Group (as restated) RMB'000
Results of operations for the year ended December 31, 2014					
Net profit for the year	6,874,780	961,700	456,794	(467,074)	7,826,200
Profit for the year attributable to:					
Owners of the Company	5,712,568	961,700	456,794	(938,301)	6,192,761
Non-controlling interests	1,162,212	—	—	471,227	1,633,439
Total comprehensive income attributable to:					
Owners of the Company	5,689,758	961,700	456,794	(884,734)	6,223,518
Non-controlling interests	1,168,250	—	—	471,227	1,639,477
Basic and diluted earnings per share (RMB)	0.172	—	—	—	0.186
Consolidated statement of financial position as at January 1, 2014:					
Non-current assets	105,914,380	56,704,948	10,573,008	(13,003,331)	160,189,005
Current assets	21,760,791	2,144,466	578	(15,681)	23,890,154
Current liabilities	26,462,447	5,227,655	9,799	(15,681)	31,684,220
Non-current liabilities	69,520,891	32,620,818	—	(92,167)	102,049,542
Equity attributable to owners of the Company	23,051,721	21,000,941	10,563,787	(23,436,961)	31,179,488
Non-controlling interests	8,640,112	—	—	10,525,797	19,165,909
Consolidated statement of financial position as at December 31, 2014:					
Non-current assets	114,776,179	65,890,780	11,029,815	(13,398,980)	178,297,794
Current assets	42,149,904	443,557	563	(3,319)	42,590,705
Current liabilities	23,559,373	4,902,862	9,799	(3,319)	28,468,715
Non-current liabilities	73,950,430	39,468,834	—	(74,311)	113,344,953
Equity attributable to owners of the Company	50,788,560	21,962,641	11,020,579	(24,321,693)	59,450,087
Non-controlling interests	8,627,720	—	—	10,997,024	19,624,744

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

2. BASIS OF PRESENTATION (Continued)

(b) (Continued)

The effects of these restatements described above on the Group's consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2015 are as follows:

	2015 RMB'000
Increase in profit for the year	187,090
Increase in profit for the year attributable to:	
Owners of the Company	89,844
Non-controlling interests	97,246
Increase in total comprehensive income attributable to:	
Owners of the Company	74,908
Non-controlling interests	97,246
	172,154

The effects of these restatements described above on the Group's consolidated statement of financial position as at December 31, 2015 are as follows:

	December 31, 2015 RMB'000
Increase in non-current assets	70,500,498
Decrease in current assets	(1,822,609)
Increase in current liabilities	4,804,042
Increase in non-current liabilities	41,135,109
Increase in equity attributable to owners of the Company	10,058,828
Increase in non-controlling interests	12,679,910

2. BASIS OF PRESENTATION (Continued)

(b) (Continued)

The effects of these restatements described above on the Group's cash flow for the year ended December 31, 2015 and 2014 are as follows:

	2015 RMB	2014 RMB
Decrease in net cash generated from operating activities	(131,171)	(352,590)
Increase in net cash used in investing activities	(2,220,680)	(6,286,256)
Decrease in net cash used in financing activities	2,091,365	5,933,921
Net decrease in cash and cash equivalents	(260,486)	(704,925)

The effects of these restatements described above on the Group's basic earnings per share for the year ended December 31, 2015 and 2014 are as follows:

	2015 RMB	2014 RMB
Figures before adjustments	0.143	0.172
Adjustments arising from acquisition of subsidiaries under common control	0.002	0.014
Figures after adjustments	0.145	0.186

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

3. APPLICATION OF NEW AND REVISED IFRSs

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015.

The application of the amendments has had no material impact on the disclosures or amounts recognized in Group's consolidated financial statements.

The Group has not early applied the following new and revised IFRSs that have been issued but are not effective:

IFRS 9	Financial Instruments ¹
IFRS 14	Regulatory Deferral Accounts ²
IFRS 15	Revenue from Contracts with Customers ¹
IFRS 16	Leases ³
Amendment to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁴
Amendments to IAS 1	Disclosure Initiative ⁴
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁴
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle ⁴
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants ⁴
Amendments to IAS 27	Equity Method in Separate Financial Statements ⁴
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture ⁵
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception ⁴
Amendments to IAS 7	Disclosure Initiative ⁶
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses ⁶

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for first annual IFRS financial statements beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for annual periods beginning on or after 1 January 2016

⁵ Effective for annual periods beginning on or after a date to be determined

⁶ Effective for annual periods beginning on or after 1 January 2017

3. APPLICATION OF NEW AND REVISED IFRSs (Continued)

Annual Improvements to IFRSs 2010 -2012 Cycle and 2011 - 2013 Cycle

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss;
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss;

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

3. APPLICATION OF NEW AND REVISED IFRSs (Continued)

Annual Improvements to IFRSs 2010 -2012 Cycle and 2011 - 2013 Cycle (Continued)

IFRS 9 Financial Instruments (Continued)

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

3. APPLICATION OF NEW AND REVISED IFRSs (Continued)

Annual Improvements to IFRSs 2010 -2012 Cycle and 2011 - 2013 Cycle (Continued)

IFRS 15 Revenue from Contracts with Customers (Continued)

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

The directors of the Company anticipate that the application of IFRS 9 and IFRS 15 in the future may have a material impact on the amounts reported and disclosures in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the financial effect until the Group performs a detailed review.

Except as described above, the directors of the Company consider that the application of the other new IFRSs and amendments is unlikely to have a material impact on the Group's financial position and performance as well as disclosure.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The disclosure requirements set out in Listing Rules regarding annual accounts have been amended with reference to the provision of the new CO (Cap 622) regarding preparation of accounts and directors' reports and to streamline with IFRS. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended December 31, 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended December 31, 2014 is presented or disclosed in the consolidated financial statements based on these new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except leasing transactions that are within the scope of IAS 17 Leases and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The allocation to non-controlling interests represents the proportion of total comprehensive income not held by group entities. In case where the Group's associate is a non-controlling shareholder of the Group's non-wholly owned subsidiary, non-controlling interests is measured as the proportion not held by the Group entities.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests' proportionate share of recognized amount of the subsidiary's identifiable net assets are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in capital reserve and attributed to owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal is recognized in profit or loss and is calculated as the difference between the aggregate of the fair value of the consideration received and the previous carrying amount of the assets and liabilities of the subsidiary.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates or joint ventures used for equity method accounting purpose are prepared using uniform accounting policies as these of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net interest in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's interest in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and joint ventures (Continued)

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognized in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or business from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a short period.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of sales related taxes.

Revenue from the sales of goods are recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sales of electricity are recognized based upon output delivered. Revenue is recognized upon transmission of electricity to the grid companies.

Revenue from sales of properties in the ordinary course of business are recognized when the respective properties have been completed and delivered to the buyers.

Design and management service revenue is recognized by reference to the percentage of completion method, measured by reference to the progress of work carried out during the relevant period and agreed with the customers.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are included in the consolidated statement of financial position under current liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress), are stated in the consolidated statement of financial position at cost or deemed cost (i.e. event driven fair value as explained in note 2(a)) less subsequent accumulated depreciation and accumulated impairment losses, if any.

Decommissioning and waste management costs resulting from decommissioning of nuclear installations operated by the Group are included as part of the related assets. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit or loss as incurred.

Depreciation is recognized so as to write off the cost of items of property, plant and equipment (other than nuclear facilities and construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Nuclear facilities are depreciated using the unit of production method based on the expected remaining production volume derived from the estimated useful lives.

Construction in progress is carried at cost, less recognized impairment loss, if any. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

If an owner-occupied property becomes an investment property because its use has changed as evidenced by end of owner-occupation, the cost and accumulated depreciation of that item at the date of transfer are transferred to investment property for subsequent measurement and disclosure purposes.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization begins when the intangible asset is ready for use and is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Internally-generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Facilitation and related costs represent salaries and other directly attributable expenditure incurred by the Group for training the nuclear engineers for future operation and management of nuclear power units. The amount is amortized on a straight-line basis over the remaining terms of the employment contracts of the engineers after the completion of training.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses. Depreciation is recognized so as to write off the cost of each item of investment property over its estimated useful life and after taking into account its estimated residual value, using straight-line method.

If an item of investment property becomes owner-occupied property because its use has changed as evidenced by commencement of owner-occupation, the cost and accumulated depreciation of that item at the date of transfer are transferred to property, plant and equipment for subsequent measurement and disclosure purposes.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Impairment of tangible and intangible assets (other than goodwill)

At the end of each reporting period, the Group and the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets (other than goodwill) (Continued)

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. Any impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the relevant lease term.

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the relevant lease term.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortized over the lease term on a straight-line basis, except for those that are intended to be sold in the ordinary course of business upon completion of the relevant property development project. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as investment properties.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rate of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to state-managed retirement benefits schemes which are classified as defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Share-based payment arrangements

Cash-settle share-based payment

For cash-settled share-based payments, a liability is recognized for the services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with interests/ investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of nuclear fuel are measured using specific identification method. Costs of other inventories are calculated using weighted average method. Net realizable value represents the estimated selling price for inventories less costs necessary to make the sale.

Provisions

Pursuant to the rules and requirements in the PRC, the Group is obliged to manage and dispose spent fuel and low and medium level radioactive waste, as well as decommission the nuclear facilities in relation to its nuclear power operation.

As such, provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. For provision of spent fuel management, the management of the Group estimates the future disposal costs for fuel used. For provision of low and medium level radioactive waste management, the management of the Group estimates the cost required for disposing radioactive waste resulting from the nuclear power generating activities. Since the effect of the time value of money is not material, the expected cash flows on disposing spent fuel and radioactive waste have not been discounted.

In addition, the management of the Group estimates the cost required for the decommissioning of the nuclear plant in the future, including future construction costs associated with certain enabling facilities, such as disposal facilities for nuclear waste. The provision for nuclear plant decommissioning is recorded based on the estimated future decommissioning expenditures discounted to its present value using a current pre-tax rate that reflects the risks specific to the liability. The estimated future cash forecasts are adjusted for inflation using a rate that is derived on the basis of the historical inflation rates. The unwinding of the discount on this provision is charged to the profit or loss.

Decommissioning costs are added to the carrying amount of the related property, plant and equipment and depreciated over their estimated useful lives. Changes in the estimated amount or timing of the underlying future cash flows are dealt with prospectively by recording an adjustment to the provision, with a corresponding adjustment to property, plant and equipment.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL"), available-for-sale investments ("AFSs") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at fair value through profit or loss

Financial assets at FVTPL (i.e. derivative financial instruments classified as held for trading) are measured at fair value, with changes in fair value arising from remeasurement recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss and is included in the line item "(loss) gain arising from changes in fair value of derivative financial instruments."

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale investments (“AFSs”)

AFSs are non-derivatives that are either designated as AFSs, or are not classified as loans and receivables nor financial assets at FVTPL.

Dividends on AFSs investments are recognized in profit or loss when the Group’s right to receive the dividends is established.

Equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, other receivables, amounts due from related parties, loans to fellow subsidiaries, loans to subsidiaries, restricted bank deposits, cash and cash equivalents and deposits over three months are measured at amortized cost using the effective interest method, less any identified impairment at the end of each reporting period (see accounting policy in respect of impairment loss on financial assets below).

Interest income is recognized by applying the effective interest rate except for short-term receivables where the recognition of interest would be immaterial.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For other financial asset, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investment revaluation reserve.

Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entities after deducting all of its liabilities. Equity instruments issued by the group entities are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL (i.e. derivative financial instruments held or trading) are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss and is included in the line item “(loss) gain arising from changes in fair value of derivative financial instruments.”

Other financial liabilities (including trade and other payables, amounts due to related parties, borrowing from a financial institution, loan from/payables to ultimate holding company, loans from fellow subsidiaries, bank borrowings and notes payable) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis other than those financial liabilities classified as at FVTPL, of which the interest expense, if any, is included in net gains or losses.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the management has made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognized in the consolidated financial statements.

Facilitation and related costs

Facilitation and related costs represent salaries and other directly attributable expenditure incurred by the Group for training the nuclear engineers who would be involved in the future operation and management of nuclear power units. Pursuant to the employment contracts, these engineers are obligated to compensate the Group for the training and related costs incurred during the training period for early termination of employment contracts. As such, the management of the Group is of the opinion that such compensation creates a financial barrier to these engineers and effectively prevents them from leaving the Group as evidenced by low historical staff turnover rate. Taking into account the expected positive future cash flows from nuclear power operation, the management of the Group considers that the expenditure met the definition of an intangible asset as the Group controls these engineers in its nuclear power operation from which future economic benefits are expected to flow to the Group. The amount is amortized on a straight-line basis over the remaining terms of the employment contracts of the engineers ranging from five to eight years after the completion of training.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months from the end of reporting period.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTIES (Continued)

Property, plant and equipment

The nuclear facilities are depreciated using the units of production method and other nuclear-related property, plant equipment is depreciated using the straight-line method over their respective useful lives. The Group's management reviews annually the residual value, useful lives and related depreciation based on the historical experience of the actual residual value and useful lives of property, plant and equipment of similar nature and function. For nuclear facilities, depreciation is also affected by the budgeted production volume throughout the useful lives of the facilities. Estimated useful lives and production volume could change significantly as a result of technical innovations and changes in safety regulatory development. Management will increase the depreciation charge where residual value or useful lives are less than previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on the value-in-use calculations or fair value less costs of disposal. Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates and other assumptions in the cash flow projections, could materially affect the net present value in the impairment test. If there is a significant adverse change in the assumptions used in the future cash flow projections, an impairment loss may be recognized in profit or loss.

As at December 31, 2015, the carrying amounts of property, plant and equipment are approximately RMB168,646,965,000 (2014 (Restated): RMB155,923,218,000).

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTIES (Continued)

Intangible assets

Development costs on nuclear power related technologies as well as facilitation and related cost on the Group's engineers are capitalized as intangible assets in accordance with the accounting policy set out in note 4, depending on an assessment by the management with respect to the technical feasibility of the technology, where applicable, and whether the expenditure incurred is able to generate probable future economic benefits to the Group.

The intangible assets are amortized on a straight-line basis over its useful lives and remaining terms of the employment contracts of the engineers in case of facilitation and related cost. The management assessed the useful lives of its intangible assets annually. In addition, the management estimates the recoverable amounts of the cash generating units to which the intangible assets are allocated whenever there is an indication of impairment and annually where the intangible assets are not put into use. Technical innovations and changes in safety regulatory development will affect the estimated useful lives and the estimation of the recoverable amounts.

As at December 31, 2015, the carrying amounts of intangible assets are approximately RMB1,254,208,000 (2014 (Restated): RMB1,134,763,000).

Deferred tax assets

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management of the Group considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different. The realizability of the deferred tax assets mainly depends on whether sufficient future profits will be available in the future. The management of the Group determines the deferred tax assets based on the enacted or substantially enacted tax rates and the best knowledge of profit projections of the Group for coming years during which the deferred tax assets are expected to be utilized. The management of the Group reviews the assumptions and profit projections on a regular basis. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognized in the profit or loss for the period in which such a recognition or reversal takes place.

As at December 31, 2015, the carrying amounts of deferred tax assets are approximately RMB133,855,000 (2014 (Restated): RMB125,239,000).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTIES (Continued)

Provision for decommissioning and low and medium level waste management

Decommissioning provision for nuclear power plant, which pertain to future obligations for handling the decommissioning of the Group's nuclear power plants as well as for handling nuclear waste, is recorded as a non-current liability. Estimated future decommissioning expenditures require assumptions be made about the regulatory environment, health and safety considerations, the desired end state and technology to be employed. The discounting of the expected future cash flows is at a rate that reflects current market assessments of the time value of money and the risks specific to the provision. The provision is reviewed annually to reflect actual expenditures incurred and changes in management's estimate of the future costs and timing. The Group also makes a provision for low and medium level radioactive waste management that covers cost for management and safe disposal of radioactive waste on the basis of management's best estimates of the quantities and radioactivity of waste water, waste gas and other solid pollutants discharged and the expenditure required in undergoing different treatments and processes. If the requirements set out in the industry policies or new regulations in the future are higher than currently expect, the Group is required to make further provisions in accordance with these new standards, which will affect the results of operations. Detail assumptions are shown in note 37.

As at December 31, 2015, the carrying amounts of decommissioning provision are approximately RMB1,588,127,000 (2014: RMB1,370,587,000).

As at December 31, 2015, the carrying amounts of low and medium radioactive waste management are approximately RMB167,605,000 (2014: RMB155,416,000).

Fair value measurement of derivative financial instruments

As described in notes 29, the directors of the Company use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates, to the extent possible, and adjusted for specific features of the instrument.

As at December 31, 2015, the fair values of derivative financial assets are approximately RMB31,028,000 (2014: RMB52,642,000). As at December 31, 2015, the fair values of derivative financial liabilities are approximately RMB358,647,000 (2014 (Restated): RMB395,006,000).

6. REVENUE AND SEGMENT INFORMATION

Revenue mainly represents revenue arising from sales of electricity derived from nuclear power plants.

An analysis of the Group's revenue for the year is as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Sales of electricity	21,542,239	19,327,383
Technical and training service revenue	1,516,722	1,154,613
Sales of equipment and other goods	203,937	236,680
	23,262,898	20,718,676

Information reported to the board of directors of the Company, being the chief operating decision makers ("CODM") of the Group, for the purposes of resources allocation and assessment of performance focuses on the types of goods or services delivered or provided. During the year, the Group derived substantially all of the revenue from sales of electricity generated by its nuclear power plants.

The CODM regularly review sales reports, electricity supply reports and construction progress reports. However, no discrete financial information is available for the various types of goods and services respectively. For the purpose of allocating resources and assessing performance, the CODM regularly review the Group's revenue and the Group's profit as a whole and as such, there is only one operating and reportable segment.

The segment revenue is the same as the Group's revenue. Segment profit is the Group's profit before taxation without taking into account of unrealized (loss) gain arising from changes in fair value of derivative financial instruments, share of results of the Group's associates and joint ventures. This is the measure reported to the CODM for resources allocation and performance assessment. The reconciliation is as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Segment profit before taxation reported to the board of directors	8,400,478	9,040,559
Add: Unrealized (loss) gain arising from changes in fair value of derivative financial instruments	15,007	(447,619)
Add: Share of results of associates	134,606	232,871
Add: Share of results of joint ventures	638,670	228,430
Group's profit before taxation	9,188,761	9,054,241

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6. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

As the Group's operations and non-current assets are all located in the PRC, no other geographical segment information is presented.

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total sales of the Group are as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Entities under control by the PRC Government ¹ 香港核電投資有限公司	18,133,950	16,519,756
Hong Kong Nuclear Investment Co., Ltd. ("HKNIC") ²	4,791,981	4,015,438

1 revenue from sales of electricity to a power grid (note 45(e)) as well as revenue from technical and training service, sales of equipment and other goods to related parties (note 45(a))

2 revenue from sales of electricity

Segment assets and liabilities

For the purpose of allocating resources and assessing performance, the CODM regularly review the Group's revenue and the Group's profit as a whole and as such, there is only one operating and reportable segment. Accordingly, no segment assets and liabilities are presented.

7. OTHER INCOME

	2015 RMB'000	2014 RMB'000 (Restated)
Value-added tax refunds (note a)	1,349,277	1,600,174
Interest income from bank deposits	217,374	27,895
Interest income from fellow subsidiaries	136,364	144,184
Government grants		
– related to expenses items (note b)	17,827	11,414
– related to assets (note 36)	33,197	27,934
Others	—	907
	1,754,039	1,812,508

7. OTHER INCOME (Continued)

Notes:

- (a) 嶺澳核電有限公司Ling Ao Nuclear Power Co, Ltd. (“Ling’ao Nuclear”) and 嶺東核電有限公司Ling Dong Nuclear Power Co, Ltd. (“Lingdong Nuclear”), subsidiaries of the Company, are entitled to the value-added tax refund for the first 15 years for their revenue from the sales of electricity to a grid company. The first revenue year of Ling’ao Nuclear and Lingdong Nuclear are 2002 and 2010 respectively. There were no conditions or limitations attached to these valued-added tax refunds.
- (b) The amounts represent incentives from various PRC government authorities in connection with the enterprise expansion support, technology advancement support and product development support for the year ended December 31, 2015 and 2014, which had no conditions imposed by the respective PRC government authorities.

8. OTHER GAINS AND LOSSES

	2015 RMB'000	2014 RMB'000 (Restated)
Net foreign exchange gains	532,327	1,990,744
Gain from disposal of a subsidiary	—	141,443
Gain from disposal of an associate (note 18)	19,463	—
Reversal (recognition) of allowance for trade and other receivables (note 25)	62	(1,477)
Loss on disposals of property, plant and equipment	(12,281)	(22,772)
Others	1,918	(7,666)
	541,489	2,100,272

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9. FINANCE COSTS

	2015 RMB'000	2014 RMB'000 (Restated)
Interest on bank borrowings	5,359,065	5,214,141
Interest on borrowings from a financial institution	37,992	24,590
Interest on notes payable	535,480	454,533
Interest on loans from ultimate holding company	187,433	346,497
Interest on long-term payables to ultimate holding company	156,524	310,243
Interest on loans from fellow subsidiaries	278,443	350,951
Interests relating to provision for nuclear power plant decommissioning	99,338	87,709
Total interest expenses	6,654,275	6,788,664
Less: capitalized in construction in progress	(3,684,374)	(3,584,511)
Total finance costs	2,969,901	3,204,153

Borrowing costs were capitalized to the construction of the nuclear power plants based on the effective interest rates of bank and other borrowings obtained for the construction work.

10. TAXATION

	2015 RMB'000	2014 RMB'000 (Restated)
Current tax:		
– PRC Enterprise Income Tax (“EIT”)	964,374	912,448
– Over-provision in prior years	(59)	(85,417)
Deferred taxation (note 21):		
– Current year	151,870	401,010
Taxation	1,116,185	1,228,041

The Company and its subsidiaries are subject to PRC EIT at 25%, except for the following subsidiaries which enjoyed certain tax exemption and relief.

中廣核檢測技術有限公司 CGN Inspection Technology Co., Ltd., 蘇州熱工研究院有限公司 Suzhou Nuclear Power Research Institute, 廣東核電合營有限公司 Guangdong Nuclear Power Joint Venture Co, Ltd. (“GNPJVC”), 中廣核研究院有限公司 China Nuclear Power Technology Research Institute (“CNPRI”) and Ling’ao Nuclear were approved to enjoy the preferential tax rate of 15% in accordance with the relevant EIT laws and regulations for the year ended December 31, 2015 and 2014.

Lingdong Nuclear, being enterprise engaged in public infrastructure project, was entitled to tax holiday of three years for EIT followed by 50% exemption for the next three years commencing from 2010, which is the first revenue generating year. Pursuant to the Supplementary Notice of Tax Benefit Scheme in relation to Public Infrastructure Project 《關於公共基礎設施項目享受企業所得稅優惠政策問題的補充通知》 issued in July 2014, the tax authority clarified that the first revenue generating year of public infrastructure project should be based on individual reactor project instead of the legal entity as a whole. The first revenue generating year of two reactor projects of Lingdong Nuclear commenced in 2010 and 2011. The applicable tax rate for Lingdong Nuclear was 12.5% for the year ended December 31, 2015 and 2014.

陽江核電有限公司 Yangjiang Nuclear Power Co., Ltd. (“Yangjiang Nuclear”), being enterprise engaged in public infrastructure project, was entitled to tax holiday of three years for EIT followed by 50% exemption for the next three years commencing from its first revenue generating year. The first revenue generating year of public infrastructure project should be based on individual reactor project instead of the legal entity as a whole. The first revenue generating year of two reactor projects of Yangjiang Nuclear commenced in 2014 and 2015. Therefore, Yangjiang Nuclear is tax exempted for the year ended December 31, 2015 and 2014.

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10. TAXATION (Continued)

Pursuant to the relevant laws and regulations in the PRC, 中廣核(北京)仿真技術有限公司 China Nuclear Power (Beijing) Simulation Technology Corporation Ltd. ("CNPSTC") was exempted from PRC EIT for two years commencing from its first profit making year in 2010, followed by a 50% exemption for the next three years from 2012 to 2014. Thus, the applicable tax rate for CNPSTC was 12.5% for the year ended December 31, 2014. In addition, CNPSTC was approved to enjoy the preferential tax rate of 15% in accordance with the relevant EIT laws and regulations from November 11, 2013. Therefore, the applicable tax rate for CNPSTC was 15% in 2015.

Taishan Nuclear, being enterprise engaged in public infrastructure project but not yet commenced generating electricity nor earned profit at December 31, 2015, was entitled to tax holiday of three years for EIT followed by 50% exemption for the next three years commencing from its first revenue generating year.

Details of the deferred taxation are set out in note 21.

The taxation for the year can be reconciled to the profit before taxation per consolidated statement of profit or loss and other comprehensive income as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Profit before taxation	9,188,761	9,054,241
Tax at the applicable tax rate of 25%	2,297,190	2,263,560
Tax effect of expenses not deductible for tax purpose	24,827	110,132
Tax effect of value-added tax refunds not taxable for tax purpose (note)	(330,574)	(315,348)
Tax effect of income not taxable for tax purpose	—	(851)
Tax effect of share of results of associates	(33,652)	(58,218)
Tax effect of share of results of joint ventures	(159,668)	(57,108)
Tax effect of tax losses not recognized	202,668	134,397
Utilization of tax losses previously not recognized	(4,134)	(4,645)
Additional tax benefit on research and development expenses	(8,056)	(8,368)
Effect of tax exemption and relief granted to subsidiaries	(864,260)	(735,473)
Over-provision of EIT in prior years	(59)	(85,417)
Others	(8,097)	(14,620)
	1,116,185	1,228,041

Note:

Pursuant to the Circular on Relevant Issues Concerning Taxation in Nuclear Power Industry (《關於核電行業稅收政策有關問題的通知》), the valued-added tax refund for the sales of electricity by Lingdong Nuclear and Ling'ao Nuclear are exempted from EIT.

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2015 RMB'000	2014 RMB'000 (Restated)
Directors' emoluments (note 14)	4,578	3,389
Other staff costs:		
Salaries and other benefits	3,523,282	2,985,169
Retirement benefit scheme contributions	201,176	165,458
Total staff costs	3,729,036	3,154,016
Less: Capitalized in construction in progress	(721,458)	(697,504)
Less: Capitalized in intangible assets	(14,833)	(76,270)
	2,992,745	2,380,242
Depreciation and amortization of:		
– Property, plant and equipment	3,387,041	3,025,241
Less: Capitalized in construction in progress	(221,867)	(250,964)
	3,165,174	2,774,277
– Intangible assets	100,614	83,898
– Investment properties	64,499	54,969
– Prepaid lease payments	65,743	63,007
Less: Capitalized in construction in progress	(24,122)	(28,126)
	41,621	34,881
	3,371,908	2,948,025
Auditor's remuneration	6,382	6,025
Listing expenses and professional fee (included in other expenses)	—	26,496

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11. PROFIT FOR THE YEAR (Continued)

	2015 RMB'000	2014 RMB'000 (Restated)
(Reversal) recognition of allowance on:		
– Inventories	31,270	21,809
– Trade and other receivables	(62)	1,477
Cost of generating electricity (including cost of nuclear fuel consumed of RMB3,260,084,000 (2014:RMB3,094,614,000)) recognized as expenses	9,566,945	8,642,019
Gross rental income from investment properties	(33,281)	(18,578)
Less: Direct operating expenses including depreciation of investment properties and expenses incurred for generating rental income	65,195	56,009
	31,914	37,431
Research and development expenses (note)	203,861	196,750
Provision for spent fuel management (included in cost of sales)	834,213	770,454
Provision for low and medium level radioactive waste management (included in cost of sales)	11,948	12,762
Operating lease rentals in respect of rented premises	116,369	45,948

Note:

Research and development expenses are reported under "other expenses" line item, and included staff cost as well as expenses incurred to improve the safety and efficiency of nuclear power operation.

12. DIVIDEND

The subsidiaries of the Company and the Company had declared dividends to their shareholders as follows:

	2015 RMB'000	2014 RMB'000
Analyzed for financial reporting purpose:		
– Dividends paid to the Company's shareholders (note)	113,625	7,862,649
– Dividends paid to the subsidiaries' non-controlling shareholders	1,237,502	1,737,336
	1,351,127	9,599,985

Subsequent to the end of the reporting period, a final dividend of RMB0.042 per share in respect of the year ended December 31, 2015 amounting to approximately RMB1,908,848,000 in total has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

The final dividend of RMB 0.0025 per share in respect of the year ended December 31, 2014 amounting to approximately RMB113,625,000 in total was approved by the shareholders in the 2014 annual general meeting on June 12, 2015. The Company has paid the dividend by July 31, 2015.

Note:

Pursuant to the shareholders' resolution passed on September 17, 2014, the special dividend was declared in an amount equal to the retained earnings accrued during the period from March 25, 2014 (the date of establishment) to the listing date, approximately RMB3,688,111,000 (representing approximately RMB0.10 per share), to the shareholders including CGNPC, Guangdong Hengjian Investment Holding Co., Ltd. ("Hengjian Investment") and China National Nuclear Corporation ("CNNC"). The Company has paid the dividend by June 30, 2015.

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13. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit attributable to the owners of the Company and the weighted average number of ordinary shares for the year (2014: on the assumption that the Reorganization had been effective since January 1, 2014).

	2015	2014 (Restated)
Profit attributable to the owners of the Company (RMB'000)	6,593,646	6,192,761
Weighted average number of ordinary shares (in million)	45,449	33,306
Basic earnings per share (RMB)	0.145	0.186

The Group has considered the over-allotment option issued by the Company in December 2014 in the calculation of diluted earnings per share and the amount remains at RMB0.186 per share in 2014 because the over-allotment option has no significant impact on the computation of diluted earnings per share. The Group had no other potential ordinary share in issue during the year ended December 31, 2014 and 2015.

14. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

Directors', chief executive's and supervisors' remuneration of the Company for the year is as follows:

	2015 RMB'000	2014 RMB'000
Fees	1,776	1,129
Salaries and other allowances	1,380	1,120
Discretionary bonus	1,210	996
Retirement benefit scheme contributions	212	144
Total	4,578	3,389

14. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (Continued)

	Fees RMB'000	Salaries and other allowances RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
<i>For the year ended December 31, 2015</i>					
Executive director and chief executive:					
Gao Ligang	—	239	305	78	622
Non-executive directors:					
Zhang Shanming	—	—	—	—	—
Zhang Weiqing	—	—	—	—	—
Shi Bing	—	—	—	—	—
Xiao Xue	—	—	—	—	—
Zhuo Yuyun	—	—	—	—	—
Independent non-executive directors:					
Na Xizhi	450	—	—	—	450
Hu Yiguang	450	—	—	—	450
Francis Siu Wai Keung	650	—	—	—	650
	1,550	—	—	—	1,550
Supervisors:					
Pan Yinsheng (note)	—	—	—	—	—
Cai Zihua (note)	—	597	490	69	1,156
Wang Hongxin (note)	—	544	415	65	1,024
	—	1,141	905	134	2,180
Independent Supervisors:					
Yang Lanhe (note)	113	—	—	—	113
Chen Rongzhen (note)	113	—	—	—	113
	226	—	—	—	226
Total	1,776	1,380	1,210	212	4,578

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14. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (Continued)

	Fees RMB'000	Salaries and other allowances RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
<i>For the year ended December 31, 2014</i>					
Executive director and chief executive:					
Gao Ligang	—	466	398	76	940
Non-executive directors:					
Zhang Shanming	—	—	—	—	—
Zhang Weiqing	—	—	—	—	—
Shi Bing	—	—	—	—	—
Xiao Xue	—	—	—	—	—
Zhuo Yuyun	—	—	—	—	—
Independent non-executive directors:					
Na Xizhi	348	—	—	—	348
Hu Yiguang	348	—	—	—	348
Francis Siu Wai Keung	433	—	—	—	433
	1,129	—	—	—	1,129
Supervisors:					
Li Yourong	—	—	—	—	—
Chen Sui	—	—	—	—	—
Shi Weiqi	—	654	598	68	1,320
	—	654	598	68	1,320
Total	1,129	1,120	996	144	3,389

Note:

On January 12, 2015, the annual general meeting approved the resignation of Mr. Li Yourong, Mr. Chen Sui and Mr. Shi Weiqi and approved Mr. Pan Yinsheng, Mr. Yang Lanhe, Mr. Chen Rongzhen, Mr. Cai Zihua and Mr. Wang Hongxin as replacement with effect from June 12, 2015.

14. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (Continued)

During the year, Zhang Shanming, Zhang Weiqing, Pan Yinsheng and Shi Bing who were also directors or employees of CGNPC received emoluments from CGNPC. Xiao Xue and Zhuo Yuyun acted for Hengjian Investment and CNNC whose salaries were borne by Hengjian Investment and CNNC respectively. However, there is no reasonable basis to allocate any amount to the Group.

The discretionary bonuses are determined with reference to the Group's and individual performance.

Five Highest Paid Individuals

The five highest paid employees for the year were not directors, supervisors nor chief executive of the Group.

Details of the remuneration of the five highest paid individuals for the year are as follows:

	2015 RMB'000	2014 RMB'000
Salaries and other allowances (note)	3,364	3,726
Discretionary bonus	3,358	3,603
Retirement benefit scheme contributions	379	359
	7,101	7,688

Note: Salaries and other allowances included mainly basic salaries and travel allowance.

Their emoluments are within the following bands:

	2015	2014
Not exceeding HK\$1,000,000	—	—
HK\$1,000,001 to HK\$1,500,000	—	—
HK\$1,500,001 to HK\$2,000,000	5	5

In 2015 and 2014, no emoluments were paid by the Group to any of the directors, supervisors, chief executive, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors, supervisors and chief executive has waived any emoluments in 2015 and 2014.

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15. PROPERTY, PLANT AND EQUIPMENT/DEPOSITS FOR PROPERTY, PLANT AND EQUIPMENT

	Buildings	Nuclear	Plant and	Motor	Office and	Construction	Total
	RMB'000	facilities	machinery	vehicles	electronic	in progress	RMB'000
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
COST							
At January 1, 2014 (Restated)	14,236,820	66,245,343	470,940	85,328	1,371,491	95,619,238	178,029,160
Additions	16,773	64,832	39,868	4,996	160,839	18,459,181	18,746,489
Transfer from investment							
properties	24,125	—	—	—	—	—	24,125
Transfer	5,287,385	12,815,526	107,437	2,363	130,192	(18,342,903)	—
Revaluation	17,294	—	—	(1,869)	(14,829)	—	596
Disposals	(22,463)	(446,265)	(4,474)	(5,008)	(78,000)	—	(556,210)
Disposal of a subsidiary	—	—	—	—	(141)	—	(141)
Exchange differences	15,648	73,825	—	193	899	253	90,818
At December 31, 2014							
(Restated)	19,575,582	78,753,261	613,771	86,003	1,570,451	95,735,769	196,334,837
Additions	107,363	106,795	33,383	7,860	151,248	15,555,708	15,962,357
Transfer from investment							
properties	1,150	—	—	—	—	—	1,150
Transfer	1,081,155	9,980,882	137,522	54	86,608	(11,286,221)	—
Transfer to investment							
properties	(28,616)	—	—	—	—	—	(28,616)
Disposals	(34,505)	(388,702)	(7,096)	(4,201)	(36,613)	—	(471,117)
Exchange differences	266,076	1,250,935	—	295	15,515	14,179	1,547,000
At December 31, 2015	20,968,205	89,703,171	777,580	90,011	1,787,209	100,019,435	213,345,611

15. PROPERTY, PLANT AND EQUIPMENT/DEPOSITS FOR PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Nuclear facilities RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office and electronic equipment RMB'000	Construction in progress RMB'000	Total RMB'000
DEPRECIATION AND IMPAIRMENT							
At January 1, 2014 (Restated)	6,165,073	30,577,209	180,431	56,026	800,756	—	37,779,495
Provided for the year	567,493	2,145,057	52,603	8,261	251,827	—	3,025,241
Transfer from investment properties	3,045	—	—	—	—	—	3,045
Eliminated on disposals	(9,951)	(332,128)	(1,134)	(4,862)	(67,725)	—	(415,800)
Eliminated on disposal of a subsidiary	—	—	—	—	(36)	—	(36)
Eliminated on revaluation	(19,990)	—	—	(2,715)	(15,928)	—	(38,633)
Exchange differences	13,320	44,150	—	186	651	—	58,307
At December 31, 2014 (Restated)	6,718,990	32,434,288	231,900	56,896	969,545	—	40,411,619
Provided for the year	639,439	2,416,455	84,365	9,056	237,726	—	3,387,041
Transfer from investment properties	479	—	—	—	—	—	479
Transfer to investment properties	(9,539)	—	—	—	—	—	(9,539)
Eliminated on disposals	(23,983)	(368,015)	(2,215)	(4,076)	(22,084)	—	(420,373)
Exchange differences	239,774	1,076,407	—	242	12,996	—	1,329,419
At December 31, 2015	7,565,160	35,559,135	314,050	62,118	1,198,183	—	44,698,646
CARRYING VALUES							
At December 31, 2015	13,403,045	54,144,036	463,530	27,893	589,026	100,019,435	168,646,965
At December 31, 2014 (Restated)	12,856,592	46,318,973	381,871	29,107	600,906	95,735,769	155,923,218
At January 1, 2014 (Restated)	8,071,747	35,668,134	290,509	29,302	570,735	95,619,238	140,249,665

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15. PROPERTY, PLANT AND EQUIPMENT/DEPOSITS FOR PROPERTY, PLANT AND EQUIPMENT (Continued)

All the buildings are situated on land in the PRC.

Property, plant and equipment, other than nuclear facilities and construction in progress, are depreciated using the straight-line method after taking into account of their estimated residual values at the following years:

Buildings	shorter of the remaining lease term of land and useful lives of 20 - 40 years
Plant and machinery	5 - 40 years
Motor vehicles	5 years
Office and electronic equipment	5 years

Nuclear facilities comprise nuclear power plants and equipment, and are depreciated using the unit of production method over the estimated useful life of 5 - 40 years.

As at December 31, 2015, the Group pledged nuclear facilities with carrying values of approximately RMB17,319,547,000 (2014: RMB19,533,805,000) to secure loan facilities granted to the Group. Details of pledge of assets are set out in note 44.

As at December 31, 2015, buildings with carrying amount of approximately RMB698,095,000 (2014 (Restated): RMB647,823,000), are without property certificates. The Group is in the process of obtaining the property certificates.

The deposits for property, plant and equipment represent the prepayments for construction of nuclear facilities and plant and machinery.

16. INTANGIBLE ASSETS

	AP1000 and related technology RMB'000	Fuel reloading technology RMB'000	Facilitation and related costs RMB'000	Total RMB'000
COST				
At January 1, 2014 (Restated)	367,679	68,462	1,070,003	1,506,144
Additions	91,619	54,500	28,277	174,396
Disposal	(107,828)	—	—	(107,828)
At December 31, 2014 (Restated)	351,470	122,962	1,098,280	1,572,712
Additions	44,474	149,694	33,261	227,429
Disposal	(7,370)	—	—	(7,370)
At December 31, 2015	388,574	272,656	1,131,541	1,792,771
AMORTIZATION				
At January 1, 2014 (Restated)	—	32,120	321,931	354,051
Provided for the year	—	15,262	68,636	83,898
At December 31, 2014 (Restated)	—	47,382	390,567	437,949
Provided for the year	—	25,268	75,346	100,614
At December 31, 2015	—	72,650	465,913	538,563
CARRYING VALUES				
At December 31, 2015	388,574	200,006	665,628	1,254,208
At December 31, 2014 (Restated)	351,470	75,580	707,713	1,134,763
At January 1, 2014 (Restated)	367,679	36,342	748,072	1,152,093

The carrying amount of AP1000 represents the development cost on a 3rd generation gigawatt-level nuclear power technology developed by the Group. Since the technology has not yet been put into use, no amortization was made during the year ended December 31, 2014 and 2015. The AP1000 is expected to generate net cash flow to the Group and the management of the Group has reviewed the carrying amount of this intangible asset at the end of the reporting period and concluded that no impairment loss need to be recognized.

Expenditure on developing fuel reloading technology by the Group are amortized over estimated useful life from five to ten years.

Facilitation and related costs are amortized over the remaining terms of the employment contracts with the nuclear engineers from five to eight years after the completion of training.

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17. INVESTMENT PROPERTIES

	2015 RMB'000	2014 RMB'000
COST		
At the beginning of the year	805,648	424,000
Transfer from property, plant and equipment	28,616	—
Revaluation (note 2(a))	—	405,502
Transfer to property, plant and equipment	(1,150)	(24,125)
Exchange differences	4,961	271
At the end of the year	838,075	805,648
ACCUMULATED DEPRECIATION		
At the beginning of the year	108,370	241,494
Transfer from property, plant and equipment	9,539	—
Provided for the year	64,499	54,969
Eliminated on revaluation (note 2(a))	—	(185,277)
Transfer to property, plant and equipment	(479)	(3,045)
Exchange differences	4,096	229
At the end of the year	186,025	108,370
CARRYING VALUES	652,050	697,278

At December 31, 2015, the fair values of the Group's investment properties were approximately RMB934,163,000 (2014: RMB851,829,000). The fair values have been arrived at based on a valuation carried out by China Enterprise Appraisals Co., Ltd., independent qualified professional valuer not connected with the Group, who has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The address of China Enterprise Appraisals Co., Ltd is Room 901, Fanli Plaza, Chaoyangmenwai Street, Beijing, the PRC. The valuation was determined by the market comparable method and adjusted to reflect the conditions of the properties which the directors of the Company are of the view that it is the best estimate of the fair value of these investment properties.

17. INVESTMENT PROPERTIES (Continued)

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The above investment properties are depreciated on a straight-line basis taking into account their estimated residual value, over the estimated useful lives of 20 to 40 years, which is the shorter of the lease term of land and estimated useful lives of building.

All the Group's investment properties are located in the PRC. The carrying amount of investment properties included the Group's interest in land held under operating lease as the leasehold payments cannot be allocated reliably between the land and building elements, as such the entire lease is classified as finance lease and accounted for as investment properties.

Details of the Group's investment properties and information about the fair value hierarchy as at are as follows:

	2015 RMB'000	2014 RMB'000	Fair value hierarchy
Commercial building units located in PRC			
Shenzhen Futian District	852,680	783,539	Level 3
Beijing Haidian District	17,988	28,282	Level 3
Shenzhen Luohu District	38,596	40,008	Level 3
Shenzhen Longgang District	24,899	—	Level 3

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17. INVESTMENT PROPERTIES (Continued)

The following table gives information about how the fair values of these investment properties are determined.

Investment properties held by the Group in the consolidated statement of financial position	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Properties in Shenzhen Futian District	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions of the subject property. The key inputs are: 1) Property floor level 2) Property age	Price per square meter, using market direct comparable and taking into account of age adjustment and floor level adjustment of the property	1) The higher the floor level, the higher the fair value 2) The older the development, the lower the fair value
Properties in Beijing Haidian District	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions of the subject property. The key inputs are: 1) Property floor level 2) Property age	Price per square meter, using market direct comparable and taking into account of age adjustment and floor level adjustment of the property	1) The higher the floor level, the higher the fair value 2) The older the development, the lower the fair value
Properties in Shenzhen Luohu District	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions of the subject property. The key inputs are: 1) Property floor level 2) Property age	Price per square meter, using market direct comparable and taking into account of age adjustment and floor level adjustment of the property	1) The higher the floor level, the higher the fair value 2) The older the development, the lower the fair value
Properties in Shenzhen Longgang District	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions of the subject property. The key inputs are: 1) Property floor level 2) Property age	Price per square meter, using market direct comparable and taking into account of age adjustment and floor level adjustment of the property	1) The higher the floor level, the higher the fair value 2) The older the development, the lower the fair value

18. INTERESTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
Unlisted cost of interests in associates	6,958,503	6,992,723
Share of post-acquisition profits net of dividends received	20,002	69,370
	6,978,505	7,062,093

The following table lists the material associates of the Group.

Name of associates	Principal activities	Place of establishment and operation	Proportion of paid-in capital and voting power held by the Group	
			2015	2014
遼寧紅沿河核電有限公司 Liaoning Hongyanhe Nuclear Power Co., Ltd. ("Hongyanhe Nuclear") ^Δ	Nuclear power generation which commenced operation in June 2013	PRC	45.00%	45.00%
中廣核一期產業投資基金有限公司 CGN Fund Phase I*	Investment holding	PRC	31.43%	31.43%

Δ The equity interest in Hongyanhe Nuclear was pledged to secure banking facilities of Hongyanhe Nuclear as at December 31, 2015. Details of pledge of assets are set out in note 44.

* directly held by the Company

The summarized financial information in respect of the each of the Group's material associates which are accounted for using the equity accounting method and prepared using IFRSs are set out below.

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18. INTERESTS IN ASSOCIATES (Continued)

Hongyanhe Nuclear

	2015 RMB'000	2014 RMB'000
Current assets	6,078,365	4,245,874
Non-current assets	58,148,664	55,796,636
Current liabilities	10,403,778	10,554,956
Non-current liabilities	42,314,217	38,142,863
	2015 RMB'000	2014 RMB'000
Revenue	4,440,400	3,719,574
Profit and total comprehensive income for the year	13,559	316,011
Dividend received from associate	127,985	107,979

Reconciliation of the above summarized financial information to the carrying amount of the Group's interest in Hongyanhe Nuclear recognized in the consolidated financial statements:

	2015 RMB'000	2014 RMB'000
Net assets of the associate	11,509,034	11,344,691
Proportion of the Group's interest in Hongyanhe Nuclear	45.00%	45.00%
	5,179,065	5,105,111
Unrealized profit	(51,222)	(52,901)
Carrying amount of the Group's interest in Hongyanhe Nuclear	5,127,843	5,052,210

18. INTERESTS IN ASSOCIATES (Continued)

CGN Fund Phase I

	2015 RMB'000	2014 RMB'000
Current assets	531,792	337,570
Non-current assets (note)	5,540,365	5,298,297
Current liabilities	292	134
Non-current liabilities	—	—

Note:

The non-current assets represent the carrying amount of 22.22% equity interest in CGN Investment, 43.48% equity interest in CGN Ninghe Investment, and 7% equity interest in Yangjiang Nuclear. CGN Investment and CGN Ninghe Investment are classified as interests in associates, and Yangjiang Nuclear is classified as available-for-sale investments.

	2015 RMB'000	2014 RMB'000
Revenue	—	—
Profit and total comprehensive income for the year	433,117	284,623
Dividend received from associate	81,870	53,035

Reconciliation of the above summarized financial information to the carrying amount of the Group's interest in CGN Fund Phase I recognized in the consolidated financial statements:

	2015 RMB'000	2014 RMB'000
Net assets of the associate	6,071,865	5,635,733
Proportion of the Group's interest in CGN Fund Phase I	31.43%	31.43%
	1,908,387	1,771,311
Surplus on disposal (note)	(62,031)	(62,031)
Carrying amount of the Group's interest in CGN Fund Phase I	1,846,356	1,709,280

Note:

Surplus on disposal represents 31.43% of the surplus resulting from the disposal of 7% equity interest in Yangjiang Nuclear by the Group to CGN Fund Phase I.

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18. INTERESTS IN ASSOCIATES (Continued)

Aggregate information of associates that are not individually material

	2015 RMB'000	2014 RMB'000
The Group's share of losses and other comprehensive expenses	(9,304)	(199)
Dividend received from associates	—	276

	2015 RMB'000	2014 RMB'000
Aggregate carrying amount of the Group's interests in these associates	4,306	300,603

These individually immaterial associates are principally involved in training service and manufacturing of steel tube and investment in mineral exploration project in the PRC.

In October 2015, the Group disposed of all of its 22.1% interest in 江蘇寶銀特種鋼管有限責任公司 Jiangsu Baoyin Special Steel Co., Ltd. to a fellow subsidiary for cash proceeds of RMB358,208,000. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

	RMB'000
Proceeds of disposal	358,208
Less: carrying amount of the 22.1% investment on the date of loss of significant influence	338,745
Gain recognized	19,463

19. INTERESTS IN JOINT VENTURES

	2015 RMB'000	2014 RMB'000
Cost of interests in joint ventures - unlisted	4,875,160	4,669,680
Share of post-acquisition profits net of dividends received	23,345	161,336
	4,898,505	4,831,016

19. INTERESTS IN JOINT VENTURES (Continued)

Particulars of the joint ventures of the Group are as following:

Name of joint ventures	Principal activities	Place of establishment and operation	Proportion of paid-in capital and voting power held by the Group	
			2015	2014
福建寧德核電有限公司 Fujian Ningde Nuclear Power Co., Ltd. ("Ningde Nuclear")	Nuclear power generation commenced in April 2013	PRC	46.00%	46.00%
北京中法瑞克儀器有限公司 Beijing Ric Nuclear Instrument Joint Venture Co., Ltd.	Nuclear power instrument manufacturing	PRC	51.00%	51.00%

Pursuant to the joint venture agreement of Ningde Nuclear, the relevant activities that significantly affect the return of Ningde Nuclear require unanimous consent from the Group and the other venture which is a state-owned enterprise. In addition, the joint arrangement does not result in either parties having rights to asset and obligations to liabilities of Ningde Nuclear. Hence, Ningde Nuclear is classified as a joint venture.

The summarized financial information in respect of the Group's material joint venture which are accounted for using the equity accounting method and prepared using IFRSs are set out below.

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19. INTERESTS IN JOINT VENTURES (Continued)

Ningde Nuclear

	2015 RMB'000	2014 RMB'000
Current assets	6,575,071	4,947,878
Non-current assets	49,324,697	49,405,467
Current liabilities	4,253,601	7,018,239
Non-current liabilities	40,917,539	36,744,453
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	335,322	377,535
Current financial liabilities (excluding trade and other payables and provisions)	4,185,206	6,215,414
Non-current financial liabilities (excluding provisions)	40,502,894	36,521,084
	2015 RMB'000	2014 RMB'000
Revenue	6,684,012	3,981,182
Profit and total comprehensive income for the year	1,379,671	490,576
Dividends received/receivable from the joint venture	776,661	127,300
The above profit for the year includes the following:		
Depreciation and amortization	1,182,594	672,346
Interest income	2,604	3,557
Finance costs	1,627,535	1,249,857
Taxation	(1,013)	—

19. INTERESTS IN JOINT VENTURES (Continued)

Ningde Nuclear (Continued)

Reconciliation of the above summarized financial information to the carrying amount of the Group's interest in Ningde Nuclear recognized in the consolidated financial statements:

	2015 RMB'000	2014 RMB'000
Net assets of the joint venture	10,728,628	10,590,653
Proportion of the Group's interest in Ningde Nuclear	46.00%	46.00%
	4,935,169	4,871,700
Unrealized profit	(53,745)	(56,302)
Carrying amount of the Group's interest in Ningde Nuclear	4,881,424	4,815,398

Aggregate information of a joint venture that is not individually material

	2015 RMB'000	2014 RMB'000
The Group's share of profit and total comprehensive income	1,464	1,252
	2015 RMB'000	2014 RMB'000
Aggregate carrying amount of the Group's interest in the joint venture	17,081	15,618

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20. AVAILABLE-FOR-SALE INVESTMENTS

	December 31, 2015 RMB'000	December 31, 2014 RMB'000 (Restated)	January 1, 2014 RMB'000 (Restated)
Unlisted investment, at cost			
– 15% equity interests in 中核能源 科技有限公司 (note)	110,000	110,000	110,000
	110,000	110,000	110,000

Note:

The unlisted investment represents equity securities of a state-owned entity established in the PRC. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair values cannot be measured reliably. The Group does not intend to dispose it in the near future.

21. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the year:

Deferred tax assets (liabilities)	Unrealized profit RMB'000	Receipt in advance RMB'000	Decelerated depreciation on property, plant and equipment RMB'000	Exchange difference arising from borrowings RMB'000	Derivative financial instruments RMB'000	Accelerated depreciation on property, plant and equipment RMB'000	Others RMB'000	Total RMB'000
At January 1, 2014 (Restated)	104,532	6,533	5,658	(171,893)	(11,468)	(1,101,999)	3,027	(1,165,610)
Credit (charge) to profit or loss	11,959	(3,275)	(5,658)	(338,347)	9,246	(77,398)	2,463	(401,010)
Exchange differences	—	—	—	—	—	(3,210)	—	(3,210)
At December 31, 2014 (Restated)	116,491	3,258	—	(510,240)	(2,222)	(1,182,607)	5,490	(1,569,830)
Credit (charge) to profit or loss	885	(2,007)	—	(108,544)	12,928	(54,164)	(968)	(151,870)
Exchange differences	—	—	—	—	—	(56,347)	—	(56,347)
At December 31, 2015	117,376	1,251	—	(618,784)	10,706	(1,293,118)	4,522	(1,778,047)

21. DEFERRED TAXATION (Continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

	December 31, 2015 RMB'000	December 31, 2014 RMB'000 (Restated)	January 1, 2014 RMB'000 (Restated)
Deferred tax assets	133,855	125,239	119,750
Deferred tax liabilities	(1,911,902)	(1,695,069)	(1,285,360)
	(1,778,047)	(1,569,830)	(1,165,610)

Details of tax losses not recognized at the end of the reporting period are set out below:

	2015 RMB'000	2014 RMB'000 (Restated)
Tax losses	1,639,715	845,578

No deferred tax asset has been recognized in respect of the tax loss due to the unpredictability of future profit stream for relevant subsidiaries. Included in unrecognized tax losses are losses that will expire as the following:

	2015 RMB'000	2014 RMB'000 (Restated)
2016	7,795	24,329
2017	8,124	8,124
2018	4,325	4,325
2019	808,800	808,800
2020	810,671	—
	1,639,715	845,578

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22. PREPAID LEASE PAYMENTS

	December 31, 2015 RMB'000	December 31, 2014 RMB'000 (Restated)	January 1, 2014 RMB'000 (Restated)
Land use rights in PRC	2,465,557	2,394,439	1,787,808
Analyzed for reporting purposes as:			
Current assets	65,743	63,007	50,058
Non-current assets	2,399,814	2,331,432	1,737,750
	2,465,557	2,394,439	1,787,808

The prepaid lease payments represented land use rights in the PRC.

At December 31, 2015, the Group pledged leasehold land with carrying values of RMB29,374,000 (2014: RMB29,621,000) to secure loan facilities. Details of pledge of assets are set out in note 44.

At December 31, 2015, the Group is still in the process of obtaining the land use right certificate with carrying amount of RMB6,443,000 (2014: RMB6,283,000).

23. INVENTORIES

	December 31, 2015 RMB'000	December 31, 2014 RMB'000 (Restated)	January 1, 2014 RMB'000 (Restated)
Nuclear fuel	8,567,821	7,449,792	6,637,835
Materials and consumable parts	2,218,358	1,889,582	1,746,669
Others	4,115	7,079	2,568
	10,790,294	9,346,453	8,387,072

24. PROPERTIES UNDER DEVELOPMENT/COMPLETED PROPERTIES FOR SALE

In 2014, the Group disposed of its 70% equity interest in Yangjiang Site Development which was involved in property development to a fellow subsidiary and thereafter, the Group had no properties under development/completed properties for sale.

25. TRADE AND BILLS RECEIVABLES

	December 31, 2015 RMB'000	December 31, 2014 RMB'000 (Restated)	January 1, 2014 RMB'000 (Restated)
Amounts due from third parties	2,430,836	1,755,982	1,402,662
Less: allowance of doubtful debts	(8,058)	(8,120)	(6,643)
	2,422,778	1,747,862	1,396,019
Amount due from ultimate holding company	7,568	9,523	5,990
Amounts due from joint ventures	111,974	101,318	13,995
Amounts due from associates	290,377	81,757	26,739
Amounts due from fellow subsidiaries	261,040	181,477	93,207
Amount due from a non-controlling shareholder with significant influence over the relevant subsidiary	445,177	218,612	79,182
Bills receivables	50	4,998	7,933
Total trade and bills receivables	3,538,964	2,345,547	1,623,065

The following is an analysis of trade receivables by age, net of allowance for doubtful debts presented based on the invoice date at the end of each reporting period:

	2015 RMB'000	2014 RMB'000 (Restated)
1 day to 30 days	3,070,857	2,104,219
31 days to 1 year	427,392	200,281
1 year to 2 years	32,090	34,367
2 years to 3 years	5,485	2,188
Over 3 years	3,140	4,492
	3,538,964	2,345,547

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25. TRADE AND BILLS RECEIVABLES (Continued)

THE GROUP (Continued)

Trade receivables from third parties and bills receivables of the Group, as well as amount due from a non-controlling shareholder with significant influence on the relevant subsidiary, primarily represent receivables from grid companies. The credit terms granted to grid companies on the sales of electricity are 30 days. At December 31, 2015, except for an amount of RMB8,058,000 (2014: RMB8,120,000) aged above one year which are past due and fully impaired as the recoverability is considered as unlikely, trade receivables due from third parties amounting to RMB2,422,778,000 (2014: RMB1,747,862,000) are neither past due nor impaired and have good credit quality assessed by the management of the Group.

For other related parties, the Group has not granted any credit period and all the balances are past due but not impaired and aged within one year.

Movements in the allowance of doubtful debts for trade receivable are set out as follows:

	2015 RMB'000	2014 RMB'000
At the beginning of the year	8,120	6,643
Impairment losses recognized on receivables	—	1,477
Impairment losses reversal on receivables	(62)	—
At the end of the year	8,058	8,120

The Group pledged trade receivables from grid companies resulting from the pledge of tariff collection rights with carrying amount of approximately RMB2,057,145,000 (2014: RMB1,191,128,000) to secure loan facilities granted to the Group as at the end of the reporting period. Details of pledge of assets are set out in note 44.

Trade receivables denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2015 RMB'000	2014 RMB'000
USD	—	114,848
EURO	14,079	20,361
	14,079	135,209

26. PREPAYMENTS AND OTHER RECEIVABLES

	December 31, 2015 RMB'000	December 31, 2014 RMB'000 (Restated)	January 1, 2014 RMB'000 (Restated)
Value-added tax recoverable	5,883,041	5,741,815	4,948,189
Prepayments to third parties for materials and consumable parts	545,323	236,028	588,592
Prepayments to fellow subsidiaries for nuclear materials	116,166	110,294	12,391
Others	49,323	79,898	72,379
	6,593,853	6,168,035	5,621,551
Analyzed for financial reporting purpose:			
Non-current (note)	4,787,229	5,285,730	4,471,621
Current	1,806,624	882,305	1,149,930
	6,593,853	6,168,035	5,621,551

Note: The amount represents value-added tax, which arose from the purchases of equipment and not expected to be utilized within one year from the end of the respective reporting period. The value-added tax is expected to be utilized in offsetting the value-added tax payable arising from the Group's revenue.

27. AMOUNTS DUE FROM RELATED PARTIES

	December 31, 2015 RMB'000	December 31, 2014 RMB'000 (Restated)	January 1, 2014 RMB'000 (Restated)
Other receivables from ultimate holding company	175,214	233,966	25,460
Other receivables from fellow subsidiaries	550,669	452,315	430,900
Other receivables from associates	4,095	279	398
Other receivables from joint ventures	524	604	3,608
Dividend receivable from a joint venture	571,184	—	—
	1,301,686	687,164	460,366

In the opinion of the management, the balances are unsecured, non-trade nature, interest-free and expected to be settled within one year from the end of the respective period.

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28. LOANS TO A FELLOW SUBSIDIARY

	2015 RMB'000	2014 RMB'000
中廣核能源開發有限責任公司 CGN Energy Development Co., Ltd.	—	180,000

The amount represented short-term loans to a fellow subsidiary under entrusted loan arrangement through 中廣核財務有限責任公司 CGN Finance Co., Ltd. ("CGN Finance"), a fellow subsidiary and a financial institution, in the PRC. The entrusted loans carried fixed interests ranging from 4.5% to 4.78% per annum. All the balance had been settled in 2015.

29. DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2015		December 31, 2014		January 1, 2014	
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000 (Restated)	Assets RMB'000 (Restated)	Liabilities RMB'000 (Restated)
Foreign currency forward contracts	31,028	137,265	33,409	60,544	187,718	—
Currency swap contracts	—	57,707	19,099	53,869	178,111	2,912
Interest rate swap contracts	—	163,675	134	280,593	—	258,110
	31,028	358,647	52,642	395,006	365,829	261,022
Analyzed for financial reporting purpose based on remaining contractual maturity:						
Non-current	8,346	140,634	18,137	259,984	216,104	164,640
Current	22,682	218,013	34,505	135,022	149,725	96,382
	31,028	358,647	52,642	395,006	365,829	261,022

The above derivatives are measured at fair values at the end of the reporting period and changes in fair value are recognized in the profit or loss. Their fair values are determined by Asset Appraisal Limited, an independent valuer, based on appropriate valuation techniques as detailed in note 41. The address of Asset Appraisal Limited is Room 901, 9/F, On Hong Commercial Building, 145 Hennessy Road, Wan Chai, Hong Kong.

29. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Foreign currency forward contracts

The major terms of the outstanding foreign currency forward contracts at the end of the reporting period are as follows:

Notional amounts	Maturity dates	Contracted exchange rates
At December 31, 2015		
Buy EURO314,109,000	From April 27, 2016 to November 22, 2017	EURO: RMB 1: 6.8915 to 1: 7.5008
Buy EURO108,446,000	From April 27, 2016 to September 09, 2018	EURO: USD 1: 1.2200 to 1: 1.2989
Buy GBP35,358,618	March 22, 2018	GBP: USD 1: 1.3500 to 1: 1.5690
Buy RMB261,109,000	From January 14, 2016 to July 11, 2016	RMB: USD 1: 0.1498 to 1: 0.1581
Buy USD324,100,000	From January 11, 2016 to March 27, 2018	USD: RMB 1: 6.4450 to 1: 6.7798
At December 31, 2014 (Restated)		
Buy EURO103,466,000	From April 27, 2016 to September 19, 2017	EURO: USD 1: 1.2485 to 1: 1.2989
Buy GBP35,358,618	March 22, 2018	GBP: USD 1: 1.3500 to 1: 1.5690
Buy RMB1,563,495,000	From April 10, 2015 to July 11, 2016	RMB: USD 1: 0.1534 to 1: 0.1628

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29. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Currency swap contracts

The major terms of the outstanding currency swap contracts at the end of the reporting period are as follows:

Notional amounts	Maturity dates	Contracted swap rates
At December 31, 2014 and 2015		
EURO610,085,547	From November 22, 2017 to November 27, 2017	EURO: USD 1:1.129 to 1:1.45
GBP93,862,388	March 22, 2018	GBP: USD 1:1.596 to 1:2

Interest rate swap contracts

The major terms of interest rate swap contracts at the end of the reporting periods are as below:

Notional amounts	Commencement dates	Maturity dates	Interest rates
At December 31, 2014 and 2015			
USD16,340,286	May 29, 2012	March 31, 2017	From 6 months London Interbank Offered Rate ("LIBOR") plus 0.375% to 1.51% per annum
RMB1,000,000,000	March 18, 2008	December 20, 2017	From RMB 7 days repurchase agreement ("Repo") rate plus 1.45% to 5.9% per annum
RMB1,000,000,000	December 22, 2008	December 20, 2017	From RMB 7 days Repo rate plus 1.25% to 5.9% per annum
USD25,680,000	September 21, 2011	September 21, 2016	From US\$ LIBOR to 2.91% per annum

30. RESTRICTED BANK DEPOSITS, CASH AND CASH EQUIVALENTS/OTHER DEPOSITS OVER THREE MONTHS

Restricted bank deposits mainly represent fixed rate deposit in bank to secure the letter of credit for suppliers.

As at December 31, 2015, the Group's cash and cash equivalents comprise cash, bank deposits and deposits in CGN Finance, which carry interest at prevailing market rates ranging from 0.0001% to 5.400% (2014: 0.005% to 3.080%) per annum.

As at December 31, 2015, the bank deposits and deposits in CGN Finance, of RMB2,137,858,000 (2014: RMB2,080,900,000), carry fixed rate interests ranging from 1.550% to 4.750% (2014: 3.080% to 3.300%) per annum with original maturity more than three months.

As at December 31, 2015, deposits in CGN Finance amounted to approximately RMB6,730,018,000 (2014 (Restated): RMB6,660,818,000), which includes cash and cash equivalents amounting to RMB4,691,018,000 (2014 (Restated): RMB4,584,818,000), deposits with original maturity more than three months amounting to approximately RMB2,039,000,000 (2014: RMB2,076,000,000).

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31. TRADE AND OTHER PAYABLES

	December 31, 2015 RMB'000	December 31, 2014 RMB'000 (Restated)	January 1, 2014 RMB'000 (Restated)
Amounts due to third parties	2,024,991	1,651,385	1,861,384
Amounts due to fellow subsidiaries	826,998	567,500	35,454
Receipts in advance from ultimate holding company	—	—	3,840
Receipts in advance from a joint venture	500	—	29,116
Receipts in advance from associates	—	534	1,211
Receipts in advance from fellow subsidiaries	10,495	6,181	454
Receipts in advance from a non-controlling shareholder with significant influence over the relevant subsidiary	—	25,062	177,456
Receipts in advance from third parties	19,646	12,691	52,017
Total trade payables	2,882,630	2,263,353	2,160,932
Construction payables to third parties	1,694,328	1,309,712	1,415,171
Construction payables to fellow subsidiaries	2,735,524	2,239,863	6,190,418
Construction payables to ultimate holding company	38,417	25,064	27,244
Construction payables to a non-controlling shareholder with significant influence over the relevant subsidiary	—	8,598	3,679
Value-added tax and other tax payables	374,828	292,791	169,054
Staff cost payables	33,873	31,203	100,541
Interest on notes payable	181,700	297,102	89,301
Other payables and accruals to third parties	83,925	187,735	835,313
Total other payables	5,142,595	4,392,068	8,830,721
	8,025,225	6,655,421	10,991,653

The credit period on purchases of goods ranges from 180 days to 360 days. The Group has financial risk management policies in place to ensure all payables are settled within the credit frame.

Other payables mainly include payable for outstanding operating expenses. The balances are unsecured, interest-free and repayable on demand.

31. TRADE AND OTHER PAYABLES (Continued)

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2015 RMB'000	2014 RMB'000 (Restated)
Within 1 year	2,882,630	2,263,353

32. AMOUNTS DUE TO RELATED PARTIES/ULTIMATE HOLDING COMPANY

	December 31, 2015 RMB'000	December 31, 2014 RMB'000 (Restated)	January 1, 2014 RMB'000 (Restated)
Dividend payable to ultimate holding company	—	3,138,582	—
Dividends payable to non-controlling shareholders over the subsidiaries	1,249,276	664,650	—
Dividend payable to Hengjian Investment	—	368,812	—
Dividend payable to CNNC	—	180,717	—
Other payable to ultimate holding company	206,899	454,718	1,434,826
Other payables to fellow subsidiaries	13,724	50,602	167,969
Other payables to associates	—	336,340	239,337
	1,469,899	5,194,421	1,842,132

The amounts are unsecured, interest-free and repayable on demand.

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33. LOANS FROM ULTIMATE HOLDING COMPANY/ FELLOW SUBSIDIARIES/PAYABLES TO ULTIMATE HOLDING COMPANY

	December 31, 2015 RMB'000	December 31, 2014 RMB'000 (Restated)	January 1, 2014 RMB'000 (Restated)
Secured	3,160,234	4,321,233	3,188,759
Unsecured	6,192,921	10,083,400	18,042,500
	9,353,155	14,404,633	21,231,259

Certain borrowings were secured by land use rights, nuclear facilities and tariff collection right of the Group. Details are shown in note 44.

	2015 RMB'000	2014 RMB'000 (Restated)
Non-current liabilities		
Loans from fellow subsidiaries repayable after twelve months	3,775,834	4,471,233
Payable to ultimate holding company repayable after twelve months	—	2,000,000
Current liabilities		
Loans from ultimate holding company	2,000,000	3,745,000
Loans from fellow subsidiaries	1,581,400	658,400
Payable to ultimate holding company	1,995,921	3,530,000
	9,353,155	14,404,633

33. LOANS FROM ULTIMATE HOLDING COMPANY/ FELLOW SUBSIDIARIES/PAYABLES TO ULTIMATE HOLDING COMPANY (Continued)

	2015 RMB'000	2014 RMB'000 (Restated)
Repayable within one year		
– RMB loans	3,579,767	4,403,400
– RMB payable	1,995,921	3,530,000
– Euro loans	1,633	—
Repayable from one to two years		
– RMB loans	841,214	609,795
– RMB long-term payable	—	2,000,000
– Euro loans	2,092	1,719
Repayable from two to five years		
– RMB loans	1,314,677	1,579,385
– Euro loans	11,174	5,156
Repayable over five years		
– RMB loans	1,576,607	2,234,800
– Euro loans	30,070	40,378
	9,353,155	14,404,633

In 2015, the Group early repaid loans from fellow subsidiaries repayable after twelve months with the amount of approximately RMB293,115,000.

The floating rate loans and payables are arranged at interest rate based on LIBOR or benchmark interest rate of the People's Bank of China ("PBOC").

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33. LOANS FROM ULTIMATE HOLDING COMPANY/ FELLOW SUBSIDIARIES/PAYABLES TO ULTIMATE HOLDING COMPANY (Continued)

The carrying amounts of the loans and payables and the weighted average effective interest rates are as below:

	2015		2014	
	RMB'000	%	RMB'000 (Restated)	% (Restated)
Fixed rate loans and payables	5,187,786	4.77	10,782,850	5.16
Floating rate loans	4,165,369	5.22	3,621,783	6.21
	9,353,155		14,404,633	

34. BANK BORROWINGS

	December 31, 2015 RMB'000	December 31, 2014 RMB'000 (Restated)	January 1, 2014 RMB'000 (Restated)
Secured	90,465,050	85,676,863	77,147,796
Unsecured	11,361,774	13,234,441	9,453,987
	101,826,824	98,911,304	86,601,783

Bank borrowings were secured by certain land use rights, nuclear facilities and tariff collection right of the Group. Details are shown in note 44.

Save for a bank borrowing of RMB3,000,000,000 (2014: RMB3,000,000,000) which is guaranteed by the ultimate holding company, the remaining balances are unguaranteed.

34. BANK BORROWINGS (Continued)

The carrying amount repayable based on repayment term is as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Within one year	7,537,358	7,338,137
More than one year, but within two years	8,776,163	7,434,793
More than two years, but within five years	23,729,299	19,231,431
More than five years	61,784,004	64,906,943
	101,826,824	98,911,304
Less: Amounts due within one year shown under current liabilities	(7,537,358)	(7,338,137)
Amounts shown under non-current liabilities	94,289,466	91,573,167

Bank borrowings denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2015 RMB'000	2014 RMB'000 (Restated)
EURO	12,211,934	15,085,211
USD	2,116,070	5,192,601
GBP	307,321	435,645
JPY	4,274	—
	14,639,599	20,713,457

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34. BANK BORROWINGS (Continued)

The carrying amount of the bank borrowings and the weighted average effective interest rates are as below:

	2015		2014	
	RMB'000	%	RMB'000 (Restated)	% (Restated)
Fixed rate bank borrowings	23,030,621	5.10	26,216,577	5.11
Floating rate bank borrowings	78,796,203	5.17	72,694,727	5.48
	101,826,824		98,911,304	

The floating rate bank borrowings are arranged at the interest rate based on benchmark interest rates of the PBOC or LIBOR.

Borrowings from a financial institution

On May 8, and May 30, 2014, Yangjiang Nuclear entered into two sales and purchases contracts of manufacturing equipment, with carrying amounts of approximately RMB816,223,000 and RMB778,275,000, with a financial institution at cash considerations of approximately RMB449,694,000 and RMB503,773,000 respectively. At the same time, Yangjiang Nuclear entered into finance lease contracts with the financial institution to lease back the manufacturing equipment. Pursuant to the finance lease agreement, the lease term is 2 years with fixed interest at 4.1% per annum and Yangjiang Nuclear could repurchase the manufacturing equipment at a nominal value of RMB1 at the end of the lease term. In the opinion of the directors, the sales and lease back arrangement is solely for financing purpose. As such, the arrangements are accounted for as borrowings secured by the manufacturing equipment.

On December 24, 2015, Yangjiang Nuclear early repaid all the balance of approximately RMB953,467,000 and repurchased the manufacturing equipment at a nominal value of RMB1 accordingly.

	2015 RMB'000	2014 RMB'000
Within one year	—	—
In more than one year, but within two years	—	953,467
Amount due for settlement after 12 months	—	953,467

35. NOTES PAYABLE

	2015 RMB'000	2014 RMB'000 (Restated)
Listed and guaranteed corporate bond issued in 2002 (note a)	4,000,000	4,000,000
Listed and guaranteed corporate bond issued in 2007 (note b)	2,000,000	2,000,000
Listed and unguaranteed corporate bond issued in 2010 (note c)	2,491,066	2,500,000
Listed and unguaranteed corporate bond issued in 2015 (note d)	1,000,000	—
Unlisted and unguaranteed corporate bond issued in 2014 (note e)	600,000	600,000
Unlisted and unguaranteed corporate bond issued in 2014 (note e)	1,000,000	1,000,000
Unlisted and unguaranteed corporate bond issued in 2015 (note f)	500,000	—
Unlisted and unguaranteed corporate bond issued in 2015 (note g)	500,000	—
	12,091,066	10,100,000
Less: Amounts due within one year shown under current liabilities	(1,000,000)	—
	11,091,066	10,100,000

Notes:

- (a) In 2002, the Group issued guaranteed corporate bond with an aggregate principal amount of RMB4 billion (the "2002 Corporate Bond") at the issue price of 100%. The 2002 Corporate Bond, which bear fixed interest at the rate of 4.50% per annum payable annually, are unconditionally and irrevocably guaranteed by China Development Bank. The 2002 Corporate Bond shall become immediately due and payable in the event of the failure to perform or observe certain conditions set out in the trust deed which include, inter alia, the negative pledge given by China Development Bank. The 2002 Corporate Bond will mature on November 11, 2017 at the principal amount.
- (b) In 2007, the Group issued guaranteed corporate bond with an aggregate principal amount of RMB2 billion (the "2007 Corporate Bond") at the issue price of 100%. The 2007 Corporate Bond, which bear fixed interest at the rate of 5.90% per annum payable annually, are unconditionally and irrevocably guaranteed by Agricultural Bank of China. The 2007 Corporate Bond shall become immediately due and payable in the event of the failure to perform or observe certain conditions set out in the trust deed which include, inter alia, the negative pledge given by Agricultural Bank of China. The 2007 Corporate Bond will mature on December 20, 2022 at the principal amount.
- (c) In 2010, the Group issued corporate bond with an aggregate principal amount of RMB2.5 billion (the "2010 Corporate Bond") at the issue price of 100%. The 2010 Corporate Bond bear fixed interest at the rate of 4.60% per annum payable annually. The 2010 Corporate Bond will mature on May 12, 2020 at the principal amount.
- (d) In 2015, the Group issued corporate bond with an aggregate principal amount of RMB1 billion (the "2015 Corporate Bond") at the issue price of 100%. The 2015 Corporate Bond bears a floating interest rate based on the benchmark interest rate for six-month deposit issued by PBOC plus 1.4%. The 2015 Corporate bond will be matured on July 14, 2016 at the principal amount.

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35. NOTES PAYABLE (Continued)

Notes: (Continued)

- (e) On 26 May 2014 and 26 September 2014, Taishan Nuclear issued corporate bonds with an aggregate principal amount of RMB600 million and RMB1 billion (the "2014 Taishan Bonds") at its principal amount respectively. The 2014 Taishan Bonds bear fixed interest at the rate of 6.60% and 5.80% per annum payable annually and will be matured on May 26, 2017 and September 26, 2017 at the principal amount.
- (f) On 13 February 2015 Taishan Nuclear issued corporate bond with an aggregate principal amount of RMB500 million (the "2015 Taishan Bond") at its principal amount. The 2015 Taishan Bond bears fixed interest at the rate of 5.40% per annum payable annually and will be matured on February 13, 2018 at the principal amount.
- (g) On 9 December 2015, Yangjiang Nuclear issued corporate bond with an aggregate principal amount of RMB500 million (the "2015 Yangjiang Bond") at its principal amount. The 2015 Yangjiang Bond bears fixed interest at the rate of 4.05% per annum payable annually and will be matured on December 9, 2018 at the principal amount.

36. DEFERRED INCOME

	RMB'000
At January 1, 2014 (Restated)	640,759
Government grants received	153,205
Released to profit or loss	(27,934)
At December 31, 2014 (Restated)	766,030
Government grants received	92,446
Released to profit or loss	(33,197)
At December 31, 2015	825,279

During the year, the Group received government subsidies approximately RMB92,446,000 (2014 (Restated): RMB153,205,000) for the development of nuclear power plant and related technology. The amounts are treated as deferred income and will be released to profit or loss over the estimated useful lives of intangible assets, property, plant and equipment and upon future expenditure to be incurred.

37. PROVISIONS

The Group has made the following provisions in the consolidated financial statements:

	2015 RMB'000	2014 RMB'000
Current liability		
Provision for spent fuel management	834,864	770,320
Non-current liabilities		
Provision for low and medium level radioactive waste management	167,605	155,416
Provision for nuclear power plant decommissioning	1,588,127	1,370,587
	1,755,732	1,526,003
	2,590,596	2,296,323

The movements of provisions are shown as follows:

	Provision for spent fuel management RMB'000	Provision for low and medium level radioactive waste management RMB'000	Provision for nuclear power plant decommissioning RMB'000	Total RMB'000
At January 1, 2014	736,819	142,335	1,144,158	2,023,312
Additions	770,454	12,762	136,783	919,999
Interest expense	—	—	87,709	87,709
Paid	(736,953)	—	—	(736,953)
Exchange differences	—	319	1,937	2,256
At December 31, 2014	770,320	155,416	1,370,587	2,296,323
Additions	834,213	11,948	78,011	924,172
Interest expense	—	—	99,338	99,338
Paid	(769,669)	—	—	(769,669)
Exchange differences	—	241	40,191	40,432
At December 31, 2015	834,864	167,605	1,588,127	2,590,596

In compliance with the regulations on nuclear power operation, the Group recognized provisions to cover all obligations related to the nuclear facilities and operation.

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37. Provisions (Continued)

Provision for spent fuel management

Pursuant to the Interim Measures for the Administration of the Collection and Use of the Nuclear Power Plant Spent Fuel Treatment and Disposal Fund 《核電站乏燃料處理處置基金徵收使用管理暫行辦法》 (“Measures”) issued by Ministry of Finance of PRC, National Development and Reform Commission and Ministry of Industry and Information Technology of PRC, the Group is required to make contributions to a spent fuel treatment and disposal fund. For generating units that have been in operation for less than five years (inclusive) from the effective date of Measures and those to be established in the future, provisions for spent fuel disposal fund are made starting from the sixth year after they commence operations. Such fund is used by the relevant government authorities for the treatment and disposal of spent fuel, covering transportation, away-from-reactor storage and post-treatment of spent fuel. The management of the Group estimates the amount of provision for spent fuel management by taking into account the regulatory environment and government’s policies relating to the storage and disposal of spent fuel fund, as well as the charge imposed by the government authorities, which is at the rate of RMB0.026 per kilowatt/hour (2014: RMB0.026 per kilowatt/hour).

Provision for low and medium level radioactive waste management

This provision covers the expenditure for management and safe disposal of radioactive waste including emission or release of gas and liquid radioactive waste, and production of solid radioactive waste arising from the nuclear power generating activities.

In determining the amount of provision, the management of the Group estimates the quantities and radioactivity of the waste water, waste gas and other solid pollutants discharged and the expenditure required in undergoing different waste treatments and processes such as collection, purification and concentration, volume reduction and solidification, packaging, transportation, temporary storage on-site, centralized disposal. The management of the Group takes into consideration the industry policies, past experience and recommendation from technical experts in estimating the expenditure required to manage and dispose the radioactive waste.

37. Provisions (Continued)

Provision for nuclear power plant decommissioning

The provision is related to the decommissioning of nuclear power plants and losses relating to fuel in the reactor when the reactor is shut down. They are estimated on the assumption that once decommissioning is completed, the sites will be returned to their original state.

The Group has a team of experts specialized in nuclear power plant decommissioning work. The provision is estimated according to the team's research, which is based on the decommissioning activities and actual cost incurred in shutting down a nuclear facility in other jurisdiction, and adjusted for factors such as labour cost in the PRC, complexity of the technology to be applied, most recent developments in regulations in the PRC environment when estimating the cash flows for the decommissioning.

The relevant costs are estimated based on the economic conditions at the end of each reporting period, then spread over a forecast disbursement schedule of payment through application of a forecast long-term inflation rate.

The key assumptions to the decommissioning model applied by the Group include the discount rate which is a pre-tax rate taking into account the risks specific to the provision and effect of inflation based on the historical inflation rates in the PRC.

In the opinion of management of the Group, the decommissioning is expected to commence from 2034 to 2055 based on the expected useful lives of nuclear power plants.

38. PAID-IN/SHARE CAPITAL

Details of the movement of the number of shares comprising the domestic shares and H shares are shown as below:

	Domestic shares '000	H Shares '000
Ordinary shares of RMB1.00 each		
Issue of shares at the date of establishment upon the Reorganization	27,904,643	—
Issue of shares for cash	7,395,357	—
Issue of shares upon listing of the Company's shares on the Stock Exchange on December 10, 2014	—	8,825,000
Issue of shares on the exercise of over-allotment option on December 22, 2014	—	1,323,750
Conversion of domestic shares into H shares	(1,014,875)	1,014,875
At December 31, 2014 and 2015	34,285,125	11,163,625

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38. PAID-IN/SHARE CAPITAL (Continued)

The Company was established on March 25, 2014 and the registered share capital was RMB35,300,000,000 divided into 35,300,000,000 ordinary shares of RMB1.00 each.

On April 25, May 9 and June 5, 2014, a total of 7,395,356,630 shares of RMB1.00 each were issued to CGNPC, CNNC and Hengjian Investment at an aggregate consideration of approximately RMB10,124 million in cash.

On December 10, 2014, 8,825,000,000 H shares of RMB1.00 each of the Company were issued at a price of HK\$2.78 by way of global offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange. The proceeds of HK\$11,163,753,000 (equivalent to RMB8,825,000,000) representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of approximately HK\$13,369,747,000 (equivalent to RMB10,540,522,000), before issuing expenses, were credited to capital reserve.

On December 22, 2014, 1,323,750,000 H shares of RMB1.00 each of the Company were issued at a price of HK\$2.78 pursuant to the exercise of over-allotment option. The proceeds of HK\$1,676,673,000 (equivalent to RMB1,323,750,000) representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of approximately HK\$2,003,352,000 (equivalent to RMB1,581,667,000), before issuing expenses, were credited to capital reserve.

Pursuant to the approval by the relevant authority, the domestic shares of 1,014,875,000 were converted into H shares on a one-for-one basis in December, 2014.

39. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of establishment and principal place of business	Proportion of equity interests and voting power held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	2015	2014	2015	2014
				RMB'000	RMB'000 (Restated)	RMB'000	RMB'000 (Restated)
GNPJVC	PRC	25.00%	25.00%	664,482	655,302	1,385,201	1,356,968
CGN Investment	PRC	22.22%	22.22%	221,567	228,850	2,108,718	2,065,203
CGN Ninghe Investment	PRC	43.48%	43.48%	280,588	98,833	2,351,256	2,249,263
Yangjiang Nuclear	PRC	24.00%	24.00%	197,136	175,756	3,447,089	2,869,794
Taishan Nuclear	PRC	30.00%	30.00%	59,742	288,510	7,619,334	6,588,792
Taishan Investment	PRC	40.00%	40.00%	37,504	182,717	5,060,576	4,408,232
Individually immaterial subsidiaries with non-controlling interests				17,911	3,471	100,650	86,492
				1,478,930	1,633,439	22,072,824	19,624,744

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39. NON-CONTROLLING INTERESTS (Continued)

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup elimination.

GNPJVC

	2015 RMB'000	2014 RMB'000
Current assets	7,263,652	6,391,570
Non-current assets	4,674,766	4,385,575
Current liabilities	4,578,396	3,654,762
Non-current liabilities	1,819,219	1,694,512
Revenue	6,092,513	5,677,715
Profit for the year	2,657,929	2,621,207
Total comprehensive income for the year	3,083,304	2,662,216
Dividends paid to non-controlling interests	742,593	1,335,319
Net cash inflow from operating activities	3,074,888	3,262,266
Net cash outflow in investing activities	(70,448)	(670,252)
Net cash outflow in financing activities	(2,560,462)	(2,852,381)
Net cash inflow (outflow)	443,978	(260,367)

39. NON-CONTROLLING INTERESTS (Continued)

CGN Investment

	2015 RMB'000	2014 RMB'000
Current assets	893,349	799,136
Non-current assets	9,698,211	9,525,146
Current liabilities	1,101,379	1,029,940
Non-current liabilities	—	—
Revenue	997,202	1,029,668
Profit and total comprehensive income for the year	997,153	1,029,928
Dividends paid to non-controlling interests	221,567	228,850
Net cash inflow from operating activities	(414)	272
Net cash inflow from investing activities	730,386	676,084
Net cash outflow in financing activities	(729,972)	(676,504)
Net cash outflow	—	(148)

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39. NON-CONTROLLING INTERESTS (Continued)

CGN Ninghe Investment

	2015 RMB'000	2014 RMB'000
Current assets	572,316	580
Non-current assets	5,455,834	5,381,241
Current liabilities	620,478	208,723
Non-current liabilities	—	—
Revenue	634,649	225,665
Profit and total comprehensive income for the year	645,326	227,306
Dividends paid to non-controlling interests	267,936	88,949
Net cash (outflow) inflow from operating activities	(474)	46
Net cash outflow in investing activities	(406)	(239,439)
Net cash inflow from financing activities	901	238,862
Net cash (outflow) inflow	21	(531)

Note: Revenue for CGN Investment and CGN Ninghe Investment represents share of results of associates and joint ventures.

39. NON-CONTROLLING INTERESTS (Continued)

Yangjiang Nuclear

	2015 RMB'000	2014 RMB'000
Current assets	5,901,954	3,559,867
Non-current assets	62,077,885	55,467,440
Current liabilities	10,319,615	5,939,883
Non-current liabilities	43,297,353	41,129,951
Revenue	4,452,822	2,488,991
Profit and total comprehensive income for the year	821,398	732,318
Dividends paid to non-controlling interests	—	63,672
Net cash inflow from operating activities	2,994,550	1,009,211
Net cash outflow in investing activities	(7,995,795)	(11,570,047)
Net cash inflow from financing activities	4,796,119	10,492,923
Net cash outflow	(205,126)	(67,913)

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39. NON-CONTROLLING INTERESTS (Continued)

Taishan Nuclear

	2015 RMB'000	2014 RMB'000
Current assets	283,626	443,557
Non-current assets	73,216,790	65,890,780
Current liabilities	6,897,699	4,902,862
Non-current liabilities	41,204,936	39,468,834
Revenue	—	—
Other income and gains	199,140	961,700
Profit and total comprehensive expenses for the year	199,140	961,700
Dividends paid to non-controlling interests	—	—
Net cash outflow in operating activities	(43,287)	(33,352)
Net cash outflow in investing activities	(5,138,925)	(6,240,662)
Net cash inflow from financing activities	4,921,750	5,569,104
Net cash outflow	(260,462)	(704,910)

39. NON-CONTROLLING INTERESTS (Continued)

Taishan Investment

	2015 RMB'000	2014 RMB'000
Current assets	539	563
Non-current assets	12,661,507	11,029,815
Current liabilities	10,607	9,799
Non-current liabilities	—	—
Revenue	94,592	456,793
Profit and total comprehensive income for the year	93,760	456,793
Dividends paid to non-controlling interests	—	—
Net cash inflow from (outflow in) operating activities	(24)	(15)
Net cash outflow in investing activities	(1,537,100)	—
Net cash inflow from financing activities	1,537,100	—
Net cash outflow	(24)	(15)

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40. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to equity owners through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of debt, which includes loans from ultimate holding company and fellow subsidiaries, payables to ultimate holding company, borrowings from a financial institution, bank borrowings and notes payable, as disclosed in notes 33, 34 and 35 respectively, net of restricted bank deposit, bank balances, deposits in a financial institution and cash, and equity attributable to owners of the Company, comprising share capital, retained earnings and other reserves.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares, new debts or the redemption of existing debts.

41. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2015 RMB'000	2014 RMB'000 (Restated)
Financial assets		
Derivative financial instruments classified as held for trading	31,028	52,642
Loans and receivables (including cash and cash equivalents)	14,215,331	32,340,510
Available-for-sale financial assets	110,000	110,000
	14,356,359	32,503,152
Financial liabilities		
Derivative financial instruments classified as held for trading	358,647	395,006
Amortized cost	132,371,390	135,881,987
	132,730,037	136,276,993

41. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, other receivables, amounts due from/to ultimate holding company, fellow subsidiaries and other related parties, derivative financial instruments, restricted bank deposits, cash and cash equivalents, other deposits over three months, trade and other payables, loans to a fellow subsidiary, loans from/payables to fellow subsidiaries and ultimate holding company, bank borrowings, borrowings from a financial institute and notes payable. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market Risk

(i) Interest rate risk

The Group is exposed to fair value interest rate risk which arises from fixed rate bank borrowings, borrowings from a financial institution, notes payable, restricted bank deposits, deposits over three months, loans to/from fellow subsidiaries, loans from/payables to ultimate holding company and interest rate swap.

In addition, the Group is exposed to cash flow interest rate risk which arises from floating rate bank borrowings, note payable, loans from fellow subsidiaries and ultimate holding company and cash and cash equivalents. The Group uses interest rate swap to reduce exposure to interest rate fluctuations associated with floating-rate debt. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for cash and cash equivalents, floating rate bank borrowings, note payable, loans from fellow subsidiaries and ultimate holding company and interest rate swap at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period was outstanding for the whole year. A 10 basis point increase or decrease in interest rate on cash and cash equivalents and a 50 basis point increase or decrease in interest rate on floating rate bank borrowings, note payable, loans from fellow subsidiaries and ultimate holding company and forward interest rate of interest rate swap are used which represent management's assessment of the reasonably possible changes in interest rates.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

41. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Interest rate risk (Continued)

Sensitivity analysis (Continued)

If interest rates had been 10 basis points higher/lower for cash and cash equivalents with all other variable held constant, the Group's post-tax profit for the year would increase/decrease by approximately RMB7,384,000 (2014 (Restated): RMB21,929,000).

If the respective benchmark interest rates had been 50 basis points higher for floating rate bank borrowings, note payable, loans from fellow subsidiaries and ultimate holding company with all other variables held constant, the Group's post-tax profit (net of interest capitalized) for the year would decrease by:

	2015 RMB'000	2014 RMB'000 (Restated)
From liabilities with benchmark interest rate of LIBOR	17,479	31,576
From liabilities with benchmark interest rate of PBOC	124,827	2,925
	142,306	34,501

If the respective benchmark interest rates had been 50 basis points lower for floating rate bank borrowings, note payable, loans from fellow subsidiaries and ultimate holding company with all other variables held constant, the Group's post-tax profit (net of interest capitalized) for the year would increase by:

	2015 RMB'000	2014 RMB'000 (Restated)
From liabilities with benchmark interest rate of LIBOR	17,479	31,576
From liabilities with benchmark interest rate of PBOC	124,827	2,925
	142,306	34,501

If the forward interest rate of interest rate swap contracts had been 50 basis points higher and all other variables were held constant, the Group's post-tax profit for the year would increase by approximately RMB14,093,000 (2014: RMB20,570,000).

If the forward interest rate of interest rate swap contracts had been 50 basis points lower and all other variables were held constant, the Group's post-tax profit for the year would decrease by approximately RMB8,775,000 (2014: RMB6,599,000).

In the opinion of the management, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

41. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Currency risk

The Group's exposure to currency risk is attributable to cash and cash equivalents, loan to a fellow subsidiary, trade and other receivables, trade and other payables, loans from fellow subsidiary and bank borrowings which are denominated in the currencies other than the functional currency of the relevant group entities. In addition, the Group entered into foreign currency forward contracts and currency swap contracts during the year which exposed the Group to currency risk. The management manages and monitors this exposure to ensure appropriate measures are implemented on a timely and effective manner.

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities other than the functional currency of the relevant group entities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2015 RMB'000	2014 RMB'000 (Restated)	2015 RMB'000	2014 RMB'000 (Restated)
RMB	3,054,048	3,342,762	1,114,393	992,130
USD	7,427	122,623	2,233,011	5,289,178
EURO	314,049	245,895	12,588,470	15,241,507
GBP	13,901	676	418,121	513,356
HKD	101,293	6,012,292	964	—
JPY	50,535	—	5,374	—

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For the year ended December 31, 2015

41. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Currency risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on a 5% increase/decrease in functional currency of respective group entities against the relevant foreign currencies. 5% is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in the Group's post-tax profit, where functional currency of respective group entities had strengthened 5% against the relevant foreign currency. For a 5% weakening of functional currency of respective group entities against the relevant foreign currency, there would be an equal and opposite impact on the profit for the year.

	2015 RMB'000	2014 RMB'000 (Restated)
Increase (decrease) in the Group's profit for the year		
– if USD strengthens against RMB	(82,435)	(99,902)
– if RMB strengthens against USD	111,279	256,936
– if RMB strengthens against EURO	613,721	724,456
– if RMB strengthens against GBP	17,179	21,789
– if RMB strengthens against HKD	(3,762)	(225,461)
– if RMB strengthens against JPY	(2,258)	—
	653,724	677,818

41. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Currency risk (Continued)

Sensitivity analysis (Continued)

In relation to foreign currency forward contracts:

If the forward exchange rate had been 5% higher and all other variables were held constant, the Group's post-tax profit for the year would decrease by approximately RMB51,436,000 (2014 (Restated): RMB4,700,000).

If the forward exchange rate had been 5% lower and all other variables were held constant, the Group's post-tax profit for the year would increase by approximately RMB73,436,000 (2014 (Restated): RMB39,000).

In relation to the currency swap contracts:

If the exchange rate of the currency swap contracts had been 5% higher and all other variables were held constant, the Group's post-tax profit for the year would increase by approximately RMB53,840,000 (2014: RMB49,653,000).

If the exchange rate of the currency swap contracts had been 5% lower and all other variables were held constant, the Group's post-tax profit for the year would decrease by approximately RMB121,263,000 (2014: RMB83,557,000).

In the opinion of the management, the sensitivity analysis is unrepresentative of the foreign currency risk as the year exposure does not reflect the exposure during the year.

Notes to the Consolidated Financial Statements

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41. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk

The Group is exposed to other price risk through its available-for-sale investments. As their fair value cannot be measured reliably, they are stated at cost less impairment at the end of the reporting period and excluded in the Group's sensitivity analysis.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure is arising from the carrying amount of the respective recognized financial assets as stated in consolidated statements of financial position.

The Group has concentration of credit risk as 77% (2014: 80%) of the total trade receivables was due from the Group's largest customers in PRC and Hong Kong at the end of the reporting period. The Group's remaining customers individually contribute less than 10% of the total trade receivables of the Group.

In the opinion of management, the Group has no significant credit risk with these largest customers as the Group maintains long-term and stable business relationships with these companies. For other trade and other receivables, the management of the Group performs an ongoing individual credit evaluation of their customers' and counterparties' financial conditions, and is of the opinion that the outstanding debts are recoverable.

The Group has concentration of credit risk on amounts due from the ultimate holding company, non-controlling shareholders with significant influence over the relevant subsidiaries and fellow subsidiaries at the end of the reporting period. Credit risk is considered as limited because the ultimate holding has positive operating result and/or cash flows.

Regarding balances with other related parties, the management of the Group assesses the recoverability by reviewing their financial position and results periodically and considers the credit risk to be insignificant.

41. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk (Continued)

Credit risk (Continued)

In addition, the Group has concentration of credit risk arising from derivative financial instruments which are deposited or contracted with several banks and financial institutions.

The credit risk on liquid funds and derivative financial instruments are limited because the counterparties are banks and financial institutions with good reputation.

Other than the above mentioned concentration of credit risk, the Group does not have any other significant concentration of credit risk.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents as well as undrawn banking and loan facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and notes payable to ensure compliance with loan covenants.

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41. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk (Continued)

Liquidity risk (Continued)

The management of the Group is satisfied that the Group will have sufficient financial resources to meet its future obligations and commitment as the Group has unutilized facilities from banking and financial institution of approximately RMB59,489,862,000 (2014 (Restated): RMB54,467,178,000).

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing interest rate at the end of each reporting period.

In addition, the following tables detail the Group's liquidity analysis for its derivative financial liabilities. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of each reporting period and projected exchange rates. The liquidity analysis for the Group's derivative financial instruments is prepared based on the contractual maturities as the management considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

41. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate %	Repayable on demand or less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB0'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At December 31, 2015						
Trade and other payables	N/A	7,619,756	—	—	7,619,756	7,619,756
Amounts due to related parties	N/A	1,469,899	—	—	1,469,899	1,469,899
Staff cost payables	N/A	—	127,738	—	127,738	10,690
Notes payable	4.87%	1,574,858	10,252,108	2,235,672	14,062,638	12,091,066
Loans from ultimate holding company						
– floating rate	6.27%	1,223,585	—	—	1,223,585	1,200,000
– fixed rate	3.70%	830,073	—	—	830,073	800,000
Payable to ultimate holding company						
– fixed rate	5.93%	2,092,600	—	—	2,092,600	1,995,921
Loans from fellow subsidiaries						
– floating rate	4.60%	1,804,530	1,109,751	798,559	3,712,840	2,965,369
– fixed rate	5.79%	143,441	1,604,709	1,838,803	3,586,953	2,391,865
Bank borrowings						
– floating rate	5.17%	6,705,090	38,480,302	97,745,664	142,931,056	78,796,203
– fixed rate	5.10%	5,996,010	13,214,674	15,402,895	34,613,579	23,030,621
		29,459,842	64,789,282	118,021,593	212,270,717	132,371,390
Derivatives - net settlement						
Foreign currency forward contracts		68,216	71,273	—	139,489	137,265
Currency swaps		15,335	42,967	—	58,302	57,707
Interest rate swaps		94,740	74,344	—	169,084	163,675
		178,291	188,584	—	366,875	358,647

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

41. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate %	Repayable on demand or less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
At December 31, 2014						
Trade and other payables	N/A	6,318,162	—	—	6,318,162	6,318,162
Amounts due to related parties	N/A	5,194,421	—	—	5,194,421	5,194,421
Notes payable	5.06%	518,600	7,074,494	4,913,000	12,506,094	10,100,000
Loans from ultimate holding company						
– floating rate	6.73%	1,862,480	—	—	1,862,480	1,745,000
– fixed rate	4.29%	2,085,880	—	—	2,085,880	2,000,000
Payables to ultimate holding company						
– fixed rate	4.63%	3,786,039	2,092,600	—	5,878,639	5,530,000
Loans from fellow subsidiaries						
– floating rate	5.73%	531,366	913,474	698,551	2,143,391	1,876,783
– fixed rate	6.41%	456,852	1,951,389	2,323,334	4,731,575	3,252,850
Bank borrowings						
– floating rate	5.48%	9,046,362	33,823,457	67,955,061	110,824,880	72,694,727
– fixed rate	5.11%	3,485,954	10,436,840	15,540,313	29,463,107	26,216,577
Borrowings from a financial institution	4.10%	39,542	966,570	—	1,006,112	953,467
		33,325,658	57,258,824	91,430,259	182,014,741	135,881,987
Derivatives - net settlement						
Foreign currency						
forward contracts		3,237	59,135	—	62,372	60,544
Currency swaps		23,520	31,449	—	54,969	53,869
Interest rate swaps		109,375	206,891	—	316,266	280,593
		136,132	297,475	—	433,607	395,006

The amounts included above for floating interest rate instruments for non-derivative financial liabilities are subject to change if changes in floating variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

41. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk (Continued)

Fair value measurement

Fair value measurement for financial instruments not measured at fair value on a recurring basis

The fair value of financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except for the unlisted available for sale investments, the management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values.

Fair value measurements for financial instruments measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these instruments are determined:

Financial assets/liabilities	Fair value as at				Fair value hierarchy	Valuation technique and key inputs
	2015		2014			
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000 (Restated)		
Foreign currency forward contracts (see note 29)	31,028	137,265	33,409	60,544	Level 2	Discounted Cash Flow Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward exchange rates, discounted at a rate that reflects the credit risk of various counterparties

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For the year ended December 31, 2015

41. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk (Continued)

Fair value measurement (Continued)

Fair value measurements for financial instruments measured at fair value on a recurring basis (Continued)

Financial assets/liabilities	Fair value as at				Fair value hierarchy	Valuation technique and key inputs
	2015		2014			
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000 (Restated)		
Currency swap contracts (see note 29)	—	57,707	19,099	53,869	Level 2	Discounted Cash Flow Future cash flows are estimated based on exchange rates at the end of the reporting period and contract exchange rates, discounted at a rate that reflects the credit risk of various counterparties Monte Carlo Simulation Model Black Scholes Model Key inputs are U.S. swap for 2-30 years, Swap rate, CNY-denominated interest rate, price volatility, risk free rate, contract exchange rates

41. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk (Continued)

Fair value measurement (Continued)

Fair value measurements for financial instruments measured at fair value on a recurring basis (Continued)

Financial assets/liabilities	Fair value as at				Fair value hierarchy	Valuation technique and key inputs
	2015		2014			
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000 (Restated)		
Interest rate swap contracts (see note 29)	—	163,675	134	280,593	Level 2	Discounted Cash Flow Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties Monte Carlo Simulation Model Black Scholes Model Key inputs are U.S. swap for 2-30 years, Swap rate, CNY-denominated interest rate, price volatility, risk free rate, contract interest rates

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42. CAPITAL COMMITMENTS

	2015 RMB'000	2014 RMB'000 (Restated)
Capital expenditure in respect of acquisition and construction of property, plant and equipment contracted for but not provided in the consolidated financial statements	24,008,246	39,697,331

The Group's share of the capital commitments made jointly with the other venturer relating to its joint venture, Ningde Nuclear, is as follows:

	2015 RMB'000	2014 RMB'000
Capital expenditure in respect of acquisition and construction of property, plant and equipment contracted for but not provided in the consolidated financial statements	1,258,881	2,053,150

43. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	2015 RMB'000	2014 RMB'000
Within one year	96,609	67,433
In the second to fifth years inclusive	309,791	216,123
Over five years	127,789	149,126
	534,189	432,682

Operating lease payments represent fixed rentals payable by the Group for certain of its office premises. Lease of rented premises are negotiated with fixed lease term for 1 to 20 years.

43. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessor

During the year, rental income earned by the Group from its investment property for approximately RMB33,281,000 (2014: RMB18,578,000).

All of the properties leased out have committed tenants for 1 to 13 years without termination options granted to tenants.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2015 RMB'000	2014 RMB'000
Within one year	12,839	5,555
In the second to fifth years inclusive	28,729	—
Over five years	54,710	—
	96,278	5,555

44. PLEDGE OF ASSETS

At the end of reporting period, assets with the following carrying amounts were pledged to banks and related parties to secure loans from banks, related parties and a financial institution granted to the Group:

	Notes	2015 RMB'000	2014 RMB'000 (Restated)
Property, plant and equipment	15	17,319,547	19,533,805
Trade receivables representing tariff collection rights	25	2,057,145	1,191,128
Prepaid lease payments	22	29,374	29,621
Bank deposits	30	9,151	8,275
Investment in associate	18	5,127,843	—
		24,543,060	20,762,829

At December 31, 2015 and 2014, the electricity tariff collection rights of Lingdong Nuclear, Yangjiang Nuclear, Taishan Nuclear and Ling'ao Nuclear were pledged to secure the banking facilities, loans from banks and related parties.

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45. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties during the year:

	2015 RMB'000	2014 RMB'000 (Restated)
Sales of equipment and other goods to ultimate holding company*	950	5,817
Sales of equipment and other goods to fellow subsidiaries*	131,635	80,772
Sales of equipment and other goods to a joint venture*	—	13,869
Sales of equipment and other goods to associates*	11,187	7,576
Sales of electricity to a non-controlling shareholder with significant influence over the relevant subsidiary	4,791,981	4,015,438
Technical and training service revenue from fellow subsidiaries*	464,583	598,830
Technical and training service revenue from ultimate holding company*	13,132	32,325
Technical and training service revenue from joint ventures*	391,622	255,029
Technical and training service revenue from associates*	370,473	213,593
Purchase of nuclear fuel from a fellow subsidiary	1,763,043	1,489,180
Construction cost payable to and acquisition of property, plant and equipment from fellow subsidiaries	6,237,246	7,281,735
Purchase of property, plant and equipment from a non-controlling shareholder with significant influence over the relevant subsidiary	31,843	22,915
Purchase of property, plant and equipment from ultimate holding company	38,299	—
Service fee to a non-controlling shareholder with significant influence over the relevant subsidiary	—	3,191
Service fee to ultimate holding company	3,860	67,979
Rental income from fellow subsidiaries	22,868	8,876
Intangible assets sold to a fellow subsidiary	—	107,828

* Represented revenue from related parties which are also under control by the PRC Government amounting to RMB1,383,582,000 (2014 (Restated): RMB1,207,811,000) in aggregate for the year ended December 31, 2015.

45. RELATED PARTY TRANSACTIONS (Continued)

(b) Acquisition of equity interests from related parties

In 2015, the Group acquired 12.5% equity interest in Taishan Nuclear and 60% equity interest in Taishan Investment from the ultimate holding company. Details are set out in note 2(b).

(c) Disposal of equity interests to related party

In 2015, the Group disposed of all of its 22.1% interest in an associate, Jiangsu Baoyin Special Steel Co., Ltd., to a fellow subsidiary for cash proceeds of RMB358,208,000. Details are set out in note 18.

In 2014, the Group disposed of its entire equity interest in Yangjiang Site Development to a fellow subsidiary at a consolidation of RMB128,000,000. Details are set out in note 47.

(d) Compensation of key management personnel

The remuneration of key management (including directors and supervisors) during the year were as follows:

	2015 RMB'000	2014 RMB'000
Short-term benefits	7,203	6,794
Post-employment benefits	438	359
	7,641	7,153

The remuneration of key management is determined having regard to the performance of individuals and market trends.

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45. RELATED PARTY TRANSACTIONS (Continued)

(e) Significant transactions with other government-related entities

The Group is ultimately controlled by the PRC government and the Group operates in an economic environment predominated by the entities controlled, jointly controlled or significantly influenced by the PRC government.

In addition to transactions and balances with ultimate holding company, fellow subsidiaries, associates, joint ventures and non-controlling shareholders with significant influence over the subsidiaries disclosed in note 45(a) and elsewhere in the consolidated financial statements, significant related party transactions and balances conducted with other government-related entities in the normal course of businesses of the Group for the year are as follows:

	2015 RMB'000	2014 RMB'000
Sales of electricity to power grid	16,750,368	15,311,945
Service fee for disposal of spent fuel	834,213	770,454

	2015 RMB'000	2014 RMB'000
Trade receivables	2,057,145	1,657,912

The transactions conducted with government-related entities are based on terms as set out in the underlying agreements, based on statutory rates (in the case of sales of electricity) or market prices or actual cost incurred, or as mutually agreed.

The Group has entered into various transactions, including deposits placements, borrowings (other than notes payable) and other general banking facilities, with banks and financial institution which are government-related entities. Thus, the related interest income and expenses are with government-related entities.

46. CASH-SETTLED SHARE-BASED PAYMENT

The Group has set up an H-share Appreciation Rights Scheme (“SAR”) for its core staff who exert significant impact on the Company’s strategic target, including certain Directors, senior management (excluding independent non-executive Directors and external Directors) and core technical and management staff of the Company who have exerted direct influence on the overall results and sustainable development of the Company (“Incentive Recipients”). SAR was approved at the annual general meeting of the Company on June 12, 2015. Supervisors of the Company are not Incentive Recipients. The initial implementation plan of the SAR was approved by the board of the directors of the Company on November 5, 2015. Pursuant to the Scheme, 218,880,000 units of SAR were granted to Incentive Recipients of the Group at the exercise price of HKD3.50 per unit. Each unit of SAR is notionally linked to one H Share and represents the rights conferred on the relevant Incentive Recipients to receive in cash stipulated earnings from the increase in market value of the relevant H share. However, no H Shares will actually be issued to any Incentive Recipients. One third of the total number of SAR are exercisable from December 19, 2016, one third of the total number of SAR are exercisable from December 18, 2017 and the remaining one third of the total number of SAR are exercisable from December 17, 2018. The SARs will have exercisable periods of 3 years after the exercisable date. In addition, the exercise of SAR is also subject to the performance condition of the Group and Incentive Recipients.

The estimated fair value of the SAR is approximately RMB127,738,000, which was calculated using Black-Scholes pricing model. The inputs into the model were as follows:

	SAR
Fair value at measurement date (in HKD)	0.63-0.73
Share price (in HKD)	2.90
Exercise price (in HKD)	3.50
Expected volatility	36.38-38.89%
Expected life	0.96-2.96 years
Expected dividend yield	1.53%
Risk-free interest rate	0.897-1.173%

Expected volatility was determined with reference to the historical volatility of the Company’s and other listed electricity generation companies’ share prices. The expected life used in the model has been adjusted, based on management’s best estimate for the effects of non-transferability exercised restrictions and behavioural considerations.

The Group recognized a total expense of RMB10,690,000 for the year ended December 31, 2015 in relation to SAR approved by the Group. At December 31, 2015, the Group has recorded liabilities of RMB10,690,000. There was no lapse or exercise of SAR in 2015.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

47. DISPOSALS OF SUBSIDIARIES

In August 2014, the Group disposed of its 70% of equity interest in Yangjiang Site Development to a fellow subsidiary at a cash consideration of RMB311,920,000.

The net assets of Yangjiang Site Development at the date of disposal were as follows:

	Carrying amount RMB'000
Non-current asset	
Property, plant and equipment	105
Current assets	
Trade and other receivables	20,687
Properties under development for sale	271,847
Completed properties for sale	44,485
Cash and cash equivalents	57,269
Current liability	
Trade and other payables	131,545
Net assets disposed of	262,848
Consideration received and receivable	(311,920)
Non-controlling interests	(92,371)
Gain on disposal	(141,443)
	RMB'000
Analysis of net inflow of cash and cash equivalents in respect of the disposal of Yangjiang Site Development:	
Consideration received	128,000
Cash and cash equivalents disposed of	(57,269)
	70,731

The remaining consideration of RMB183,920,000 remained unsettled at December 31, 2015 and included in other receivable from fellow subsidiaries.

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of establishment	Registered capital	Equity interests attributable to the Group		Principal activities
			2015	2014	
CNPRI*	PRC	RMB845,550,000	100%#	100%#	Nuclear power technology development and management service
GNIC*	PRC	RMB16,000,000,000	100%#	100%#	Investment holding and sales of electricity
GNPJC**	PRC	USD400,000,000	75%##	75%##	Nuclear power generation
Ling'ao Nuclear*	PRC	RMB3,323,224,000	100%#	100%#	Nuclear power generation
Lingdong Nuclear*	PRC	RMB5,348,000,000	100%#	100%#	Nuclear power generation
Yangjiang Nuclear*	PRC	RMB13,106,000,000	76%#	76%#	Nuclear power generation
CGN Investment*	PRC	RMB100,000,000	77.78%#	77.78%#	Investment holding
CGN Ninghe Investment*	PRC	RMB100,000,000	56.52%#	56.52%#	Investment holding
Taishan Nuclear**	PRC	RMB23,200,000,000	70%#	70%#	Nuclear power generation
Taishan Investment*	PRC	RMB30,000,000	60%#	60%#	Investment holding

* Limited liability company established in the PRC.

** A sino-foreign joint venture with limited liability.

The subsidiary is directly held by the Company.

The subsidiary is indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all the subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries of the Company had issued any debt securities at the end of the year.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

49.COMPOSITION OF THE GROUP

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of establishment and operation	Number of wholly-owned subsidiaries	
		2015	2014
Nuclear power technology development	PRC	2	2
Nuclear power generation	PRC	2	2
Nuclear power operating and consulting services	PRC	2	1
Nuclear power technology development and management service	PRC	1	1
Environmental protection of nuclear power	PRC	1	1
Investment holding and sales of electricity	PRC	1	1
Inactive	PRC	1	1
		10	9

Principal activity	Place of establishment and operation	Number of non-wholly-owned subsidiaries	
		2015	2014
Investment holding	PRC	3	2
Nuclear power generation	PRC	3	2
Nuclear power technology development	PRC	1	1
Maintenance services for nuclear power station	PRC	1	1
Management of nuclear power station	PRC	1	1
Inactive	PRC	1	1
		10	8

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	78,501	16,076
Intangible assets	132,275	132,275
Investments in subsidiaries	64,024,220	51,794,891
Investment in an associate	1,898,627	1,815,809
Loan to a subsidiary	4,000,000	4,000,000
Deposits for property, plant and equipment	2,494	3,052
	70,136,117	57,762,103
CURRENT ASSETS		
Trade receivables	378,997	164,812
Prepayments and other receivables	28,643	7,054
Amounts due from related parties	9,255,417	7,492,679
Loans to subsidiaries	9,990,000	5,125,000
Cash and cash equivalents	5,070,432	23,330,532
Other deposits over three months	198,858	851,800
	24,922,347	36,971,877
CURRENT LIABILITIES		
Trade and other payables	326,950	391,759
Amounts due to related parties	76,875	4,001,795
Loans from ultimate holding company	800,000	800,000
Loans from subsidiaries	2,509,657	1,768,442
Payable to ultimate holding company	1,995,921	3,530,000
Note payable - due within one year	1,000,000	—
Derivative financial instruments	90,839	101,969
	6,800,242	10,593,965

Notes to the Consolidated Financial Statements

For the year ended December 31, 2015

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

	2015 RMB'000	2014 RMB'000
NET CURRENT ASSETS	18,122,105	26,377,912
TOTAL ASSETS LESS CURRENT LIABILITIES	88,258,222	84,140,015
NON-CURRENT LIABILITIES		
Notes payable - due after one year	8,491,066	8,500,000
Derivative financial instruments	71,033	174,612
Staff cost payables	3,364	—
Payable to ultimate holding company	—	2,000,000
	8,565,463	10,674,612
NET ASSETS	79,692,759	73,465,403
Capital and reserves		
Share capital	45,448,750	45,448,750
Reserves	34,244,009	28,016,653
TOTAL EQUITY	79,692,759	73,465,403

50. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share capital RMB'000	Capital reserve RMB'000 (note a)	Statutory surplus reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
<i>STATEMENT OF CHANGES IN EQUITY</i>					
Issue of shares at March 25, 2014 (date of establishment) (note 2(a))	27,904,643	12,520,528	—	—	40,425,171
Capital injection	7,395,357	2,728,352	—	—	10,123,709
Issue of shares (note 38)	10,148,750	12,122,189	—	—	22,270,939
Expenses incurred in connection with issue of shares	—	(667,405)	—	—	(667,405)
Dividend declared	—	—	—	(3,688,111)	(3,688,111)
Transfer	—	—	500,110	(500,110)	—
Profit and total comprehensive income for the period	—	—	—	5,001,100	5,001,100
At December 31, 2014	45,448,750	26,703,664	500,110	812,879	73,465,403
Acquisition of equity interests under common control	—	232,830	—	—	232,830
Dividend paid	—	—	—	(113,625)	(113,625)
Transfer	—	—	610,815	(610,815)	—
Profit and total comprehensive income for the year	—	—	—	6,108,151	6,108,151
At December 31, 2015	45,448,750	26,936,494	1,110,925	6,196,590	79,692,759

Note:

- (a) Capital reserves of the Company represents the excess of fair value of assets and liabilities transferred from CGNPC to the Company at March 25, 2014 and cash paid for subscription of ordinary shares less the par value of issued ordinary shares deducted by share issue cost.

Other Information of the Company

Differences in Accounting Data between the PRC Accounting Standards for Business Enterprises and IFRSs

The differences between the profit attributable to owners of the Company and the equity attributable to owners of the Company in the consolidated financial statements of the financial report disclosed by the Group in accordance with the PRC Accounting Standards for Business Enterprises and IFRSs are as follows:

	Profit attributable to owners of the Company		Equity attributable to owners of the Company	
	2015 RMB'000	2014 (restated) RMB'000	December 31, 2015 RMB'000	December 31, 2014 (restated) RMB'000
In accordance with the PRC Accounting Standards for Business Enterprises	6,310,673	5,559,794	55,360,450	58,456,562
Items and amounts adjusted in accordance with the IFRSs:				
Capitalisation adjustment for foreign exchange gains of foreign currency borrowings (a)	282,973	632,967	1,276,499	993,525
In accordance with the IFRSs	6,593,646	6,192,761	56,636,949	59,450,087

The reasons for the differences are described below:

- (a) In accordance with the PRC Accounting Standards for Business Enterprises, the exchange differences of the principal and interest of foreign currency borrowings should be capitalised and accounted for as the costs of the assets eligible for capitalisation. In accordance with the IFRSs, only the part of the exchange differences arising from the interest expense adjustment for foreign currency borrowings can be capitalised, the rest is accounted for through profit or loss for the period.

Other Information

Compliance Advisor

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29/F, One International Finance Centre,
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Legal Advisors

Hong Kong Law

King & Wood Mallesons
13/F, Gloucester Tower, The Landmark,
15 Queen's Road Central, Hong Kong

Auditor

Deloitte Touche Tohmatsu
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Hong Kong

PRC Law

King & Wood Mallesons
28/F, Landmark, 4028 Jintian Road, Futian District,
Shenzhen, PRC

Principal Bankers

China Development Bank Corporation
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11/F – 15/F, Citic Building, 1093 Shennan Zhong
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Guangdong Province, PRC

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Guangdong Province, PRC

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Guangdong Province, PRC

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Postal Savings Bank of China Co., Ltd.
(Shenzhen Branch)
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Yitian Road, Futian District, Shenzhen,
Guangdong Province, PRC

Other Information of the Company

Contact Us

Annual Report

This Annual Report was available on our website at www.cgnp.com.cn on April 7, 2016 and posted on April 8, 2016 to Shareholders who have elected to receive corporate communications from the Company in printed form.

Those Shareholders who (a) received our 2015 Annual Report electronically and would like to receive a printed copy or vice versa; or (b) received a printed copy of our 2015 Annual Report in either English or Chinese language only and would like to receive a printed copy of the other language version or to receive printed copies of both language versions in the future, are requested to write to the Company or the Company's Registrar.

Shareholders may at any time change their choice of the language version or means of receipt of the Company's corporate communications free of charge by notice in writing to the Company or the Company's Registrar.

Annual General Meeting

The AGM is scheduled to be held in May 2016, and the relevant details (including shareholders' right to demand a poll) are set out in the circular despatched to Shareholders together with a proxy form on April 8, 2016.

Transfer of Shares

For the purposes of receiving final cash dividends and attending the AGM, the details of the procedures of registration of shares and book closure dates are set out in the circular despatched to shareholders of the Company on April 8, 2016.

Company's Registrar

Computershare Hong Kong Investor Services Limited
Address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

Our Stock Name and Stock Code

Stock Name: CGN Power

Stock Code: HKSE 1816

Contact Information

Headquarters in the PRC: South Tower, CGN Building, No. 2002, Shennan Road, Shenzhen, Guangdong Province, PRC.

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E-mail: IR@cgnpc.com.cn

Principal Place of Business in Hong Kong: 36/F Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

2. Which parts of the Annual Report are you most interested in?

3. What additional information do you expect to be provided in the Annual Report?

4. Any other comments/suggestions?

Please provide your information* below if you so wish:

Name:

Work Unit:

Tel:

E-mail:

* *Your personal data provided in this form may be used in connection with our management of your request, inquiry, comments or suggestions, or conducting or publishing statistical and data analysis. Your supply of personal data is on a voluntary basis. However, we may not be able to follow up your request or inquiry unless you provide us with your personal data.*

Your personal data will not be transferred to any third party.

Your personal data will be retained for such period as may be necessary for the above purposes and its directly related purpose(s) and will be destroyed within two years after the date of receipt of your personal data.

Our Contact Details:

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香港中央證券登記有限公司

Freepost No. 37 簡便回郵號碼

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CGN Power

A world-class nuclear power supplier and service provider
with international competitiveness



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