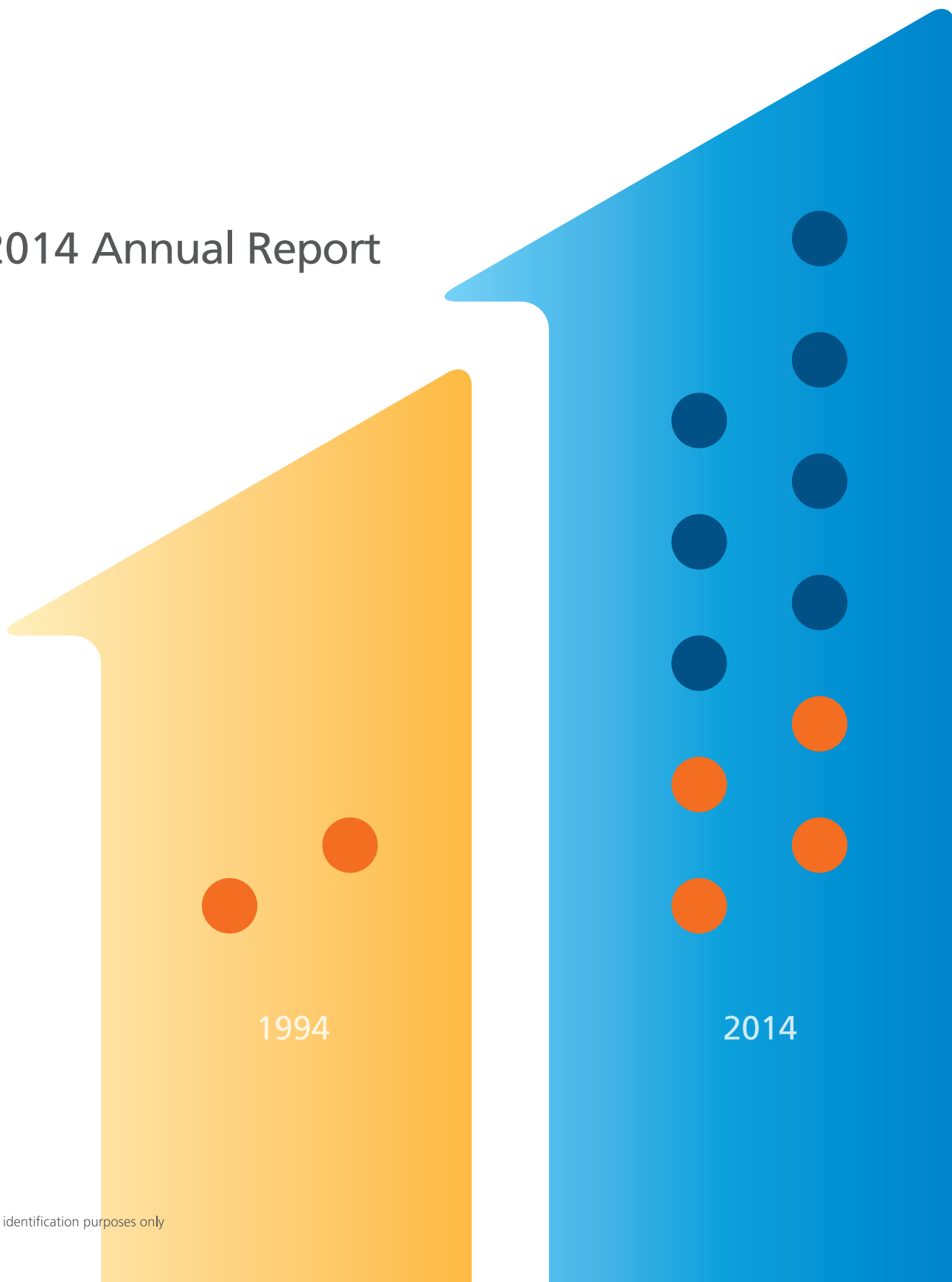


中國廣核電力股份有限公司
CGN Power Co., Ltd.*

2014 Annual Report



* For identification purposes only

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INTEGRATED REPORTING APPROACH

This 2014 Annual Report is the first annual report of CGN Power Co., Ltd. We mainly adopt the International Integrated Reporting Framework published by the International Integrated Reporting Council (hereinafter referred to as the "IIRC", website: www.theiirc.org) in December 2013 as the guideline for this report.

The seven guiding principles of the International Integrated Reporting Framework: Strategic focus and future orientation, Information connectivity, Stakeholder relationships, Importance, Conciseness, Reliability and completeness, Consistency and comparability.

The eight content elements of the International Integrated Reporting Framework: Governance, Risks and opportunities, Performance, Basis for preparation and presentation, Organizational overview and external environment, Business model, Strategy and resource allocation, Outlook.

According to the statistical results released by the IIRC in June 2014, 105 companies from all parts of the world have adopted the integrated reporting approach to prepare their annual reports, of which 13 engage in power and energy sectors. As of the date of this report, to the best knowledge of the Board of Directors, the Company is the first company in Mainland China using such approach to compile company annual reports. We believe that the integrated reporting approach is an appropriate approach to give more comprehensive explanation to relevant parties of how the Company creates value for the Shareholders in the short, medium and long term on the basis of strategic planning, governance and performance.

In preparing this report, we have also referred to other relevant frameworks and guidelines such as the "Environmental, Social and Governance Reporting Guide" of The Stock Exchange of Hong Kong Limited (hereinafter referred to as "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 2012)" of China Securities Regulatory Commission.

For continuous improvement of 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 prospectus ("Prospectus") of the Company dated November 27, 2014. This report has been prepared in Chinese and English respectively. In case of discrepancy, the Chinese version shall prevail, except for the consolidated financial statements prepared in accordance with International Financial Reporting Standards, of which the English version shall prevail.

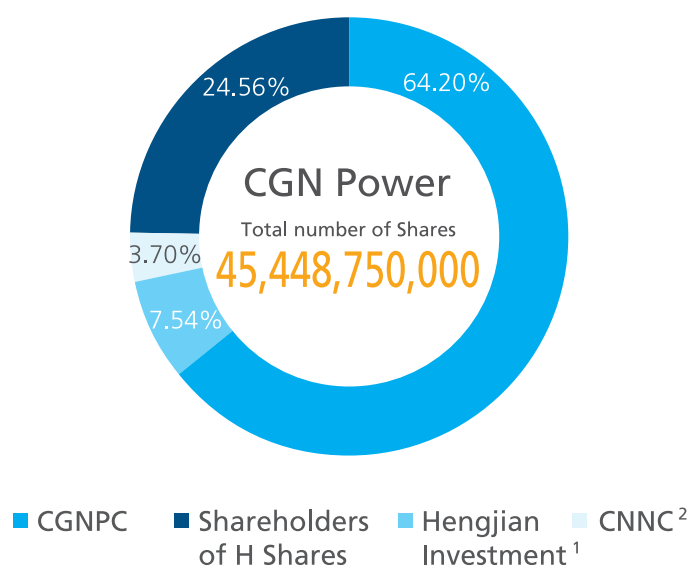
Corporate Profile

CGN Power Co., Ltd. (hereinafter referred to as “CGN Power” or the “Company”) was established on March 25, 2014 and listed on the Main Board of the Hong Kong Stock Exchange on December 10, 2014. Globally, we are currently the only listed company that solely operates nuclear power generation.

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) (hereinafter referred to as “CGNPC”). We operate and manage nuclear power stations, sell electricity generated by these stations, and manage and oversee the construction of nuclear power stations. As at December 31, 2014, our Company managed 11 nuclear power generating units in operation with installed capacity of 11,624MW, and 9 nuclear power generating units under construction with installed capacity of 9,846MW and is currently in the process of acquiring two nuclear power generating units of Taishan Nuclear Power Station which are under construction with installed capacity of 1,750MW each. Our nuclear power generating units in operation and under construction had a total installed capacity accounting for approximately 57% and 47% market shares in the market of China, respectively.

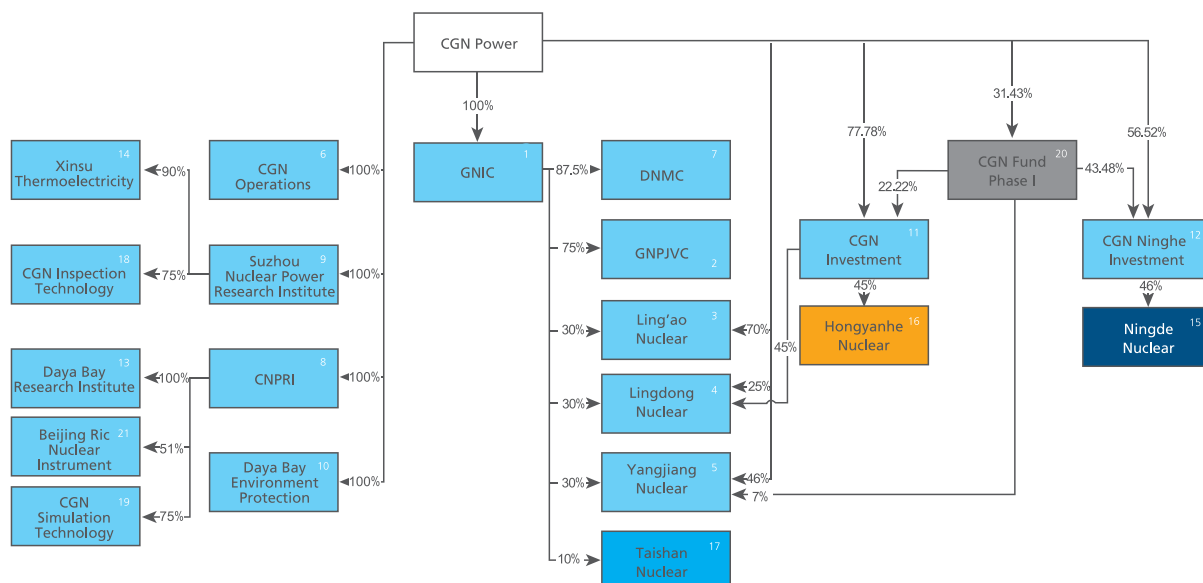
We are committed to nuclear power-based electricity supply and services based on our principle of “Safety First, Quality Foremost, Pursuit of Excellence” and our core value of “Doing Things Right in One Go” to create the best benefit for our customers, Shareholders, employees and our society.

Shareholding Structure and Shareholdings



1. “Hengjian Investment” refers to Guangdong Hengjian Investment Holdings Co., Ltd.

2. “CNNC” refers to China National Nuclear Corporation.



- 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 interest 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 interest 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 interest 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 interest 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 interest 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 (中核華核電技術研究院有限公司) (“CNPRI”)

CNPRI is a limited liability company established in the PRC on November 8, 2006 and a wholly-owned subsidiary of our Company.

- | | | |
|----|--------|---|
| 9 | 100% | <p>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.</p> |
| 10 | 100% | <p>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.</p> |
| 11 | 84.76% | <p>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 interest held by our Company and CGN Fund Phase I, respectively.</p> |
| 12 | 70.19% | <p>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.</p> |
| 13 | 100% | <p>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.</p> |
| 14 | 90% | <p>Nanjing Xinsu Thermolectricity Co., Ltd. (南京新蘇熱電有限公司) (“Xinsu Thermolectricity”) Xinsu Thermolectricity is a limited liability company established in the PRC on September 11, 2001 with 90% of its equity interest 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).</p> |
| 15 | 32.29% | <p>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 interest 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.</p> |
| 16 | 38.14% | <p>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 interest 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.</p> |
| 17 | 10% | <p>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 10% of its equity interest held by GNIC and the remaining 47.5%, 30% and 12.5% by Taishan Nuclear Power Industry Investment Co., Ltd. (台山核電產業投資有限公司) (“Taishan Investment”), EDF International (“EDF”) and CGNPC, respectively. Taishan Nuclear owns Taishan Nuclear Power Station.</p> |
| 18 | 75% | <p>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 Tecnatom, S.A..</p> |
| 19 | 75% | <p>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 interest held by CNPRI and the remaining 25% by Western Service Corporation-China LLC.</p> |
| 20 | 31.43% | <p>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 interest 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.</p> |
| 21 | 51% | <p>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 interest held by CNPRI and the remaining 49% by Areva.</p> |

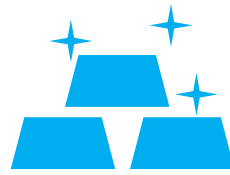
Key Data for 2014



Revenue

20,793.3

RMB million



Total assets

156,926.1

RMB million



Earnings before interest, tax, depreciation and amortization ("EBITDA")

13,769.3

RMB million

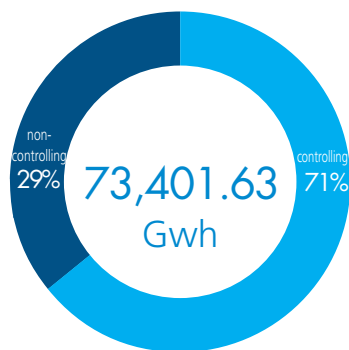


Net profit attributable to the owners of the Company

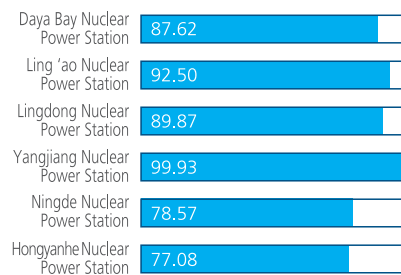
5,712.6

RMB million

Total On-grid power generation



Capacity factor (%)



FINANCIAL HIGHLIGHTS

HIGHLIGHTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

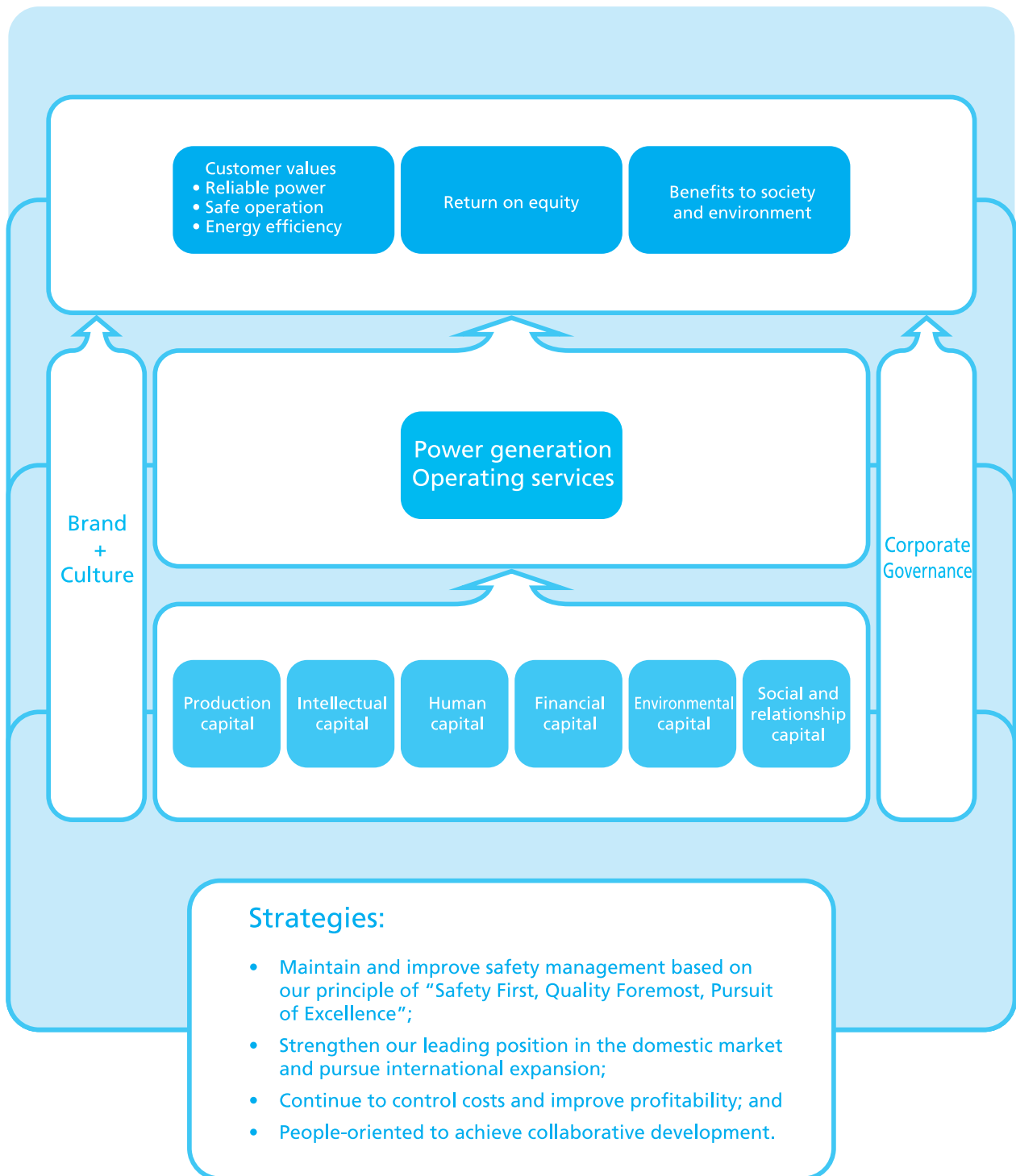
| | Year Ended December 31, | | | |
|--|-------------------------|------------|------------|------------|
| | 2011 | 2012 | 2013 | 2014 |
| | RMB'000 | | | |
| Revenue | 15,881,005 | 17,575,078 | 17,365,016 | 20,793,287 |
| Gross profit | 7,673,567 | 8,170,416 | 8,148,485 | 10,089,837 |
| Profit before taxation | 6,332,394 | 5,867,806 | 6,069,732 | 7,799,608 |
| Taxation | (936,009) | (890,453) | (998,335) | (924,828) |
| Profit for the year | 5,396,385 | 4,977,353 | 5,071,397 | 6,874,780 |
| Profit attributable to | | | | |
| – owners of the Company | 4,727,489 | 4,144,645 | 4,194,547 | 5,712,568 |
| – non-controlling interests | 668,896 | 832,708 | 876,850 | 1,162,212 |
| Earnings per share attributable to owners of the Company | | | | |
| – Basic and diluted (RMB) | 0.29 | 0.17 | 0.15 | 0.17 |

HIGHLIGHTS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | At December 31, | | | |
|--|-----------------|-------------|-------------|-------------|
| | 2011 | 2012 | 2013 | 2014 |
| | RMB'000 | | | |
| Total non-current assets | 87,420,952 | 95,167,248 | 105,914,380 | 114,776,179 |
| Total current assets | 26,286,598 | 27,095,962 | 21,760,791 | 42,149,904 |
| Total assets | 113,707,550 | 122,263,210 | 127,675,171 | 156,926,083 |
| Total current liabilities | 40,545,794 | 39,887,271 | 26,462,447 | 23,559,373 |
| Total non-current liabilities | 49,618,982 | 58,226,282 | 69,520,891 | 73,950,430 |
| Total liabilities | 90,164,776 | 98,113,553 | 95,983,338 | 97,509,803 |
| Equity attributable to owners of the Company | 17,451,901 | 16,304,286 | 23,051,721 | 50,788,560 |
| Non-controlling interests | 6,090,873 | 7,845,371 | 8,640,112 | 8,627,720 |
| Total equity | 23,542,774 | 24,149,657 | 31,691,833 | 59,416,280 |

Business Model

The core business of our 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.



Milestones Achieved in Thirty Five Years

1979

In September, Guangdong Nuclear Power Station Site-selection Working Group was established.

1982

The executive meeting of the State Council approved the construction of the Guangdong Daya Bay Nuclear Power Station on December 13.

1983

On August 18, GNIC was formally established.

1985

On January 26, GNPJVC was established.

1987

The construction of Daya Bay Nuclear Power Station commenced on August 7.



1994

On February 1, Daya Bay Nuclear Power Station Unit 1 started commercial operation. On May 6, Daya Bay Nuclear Power Station Unit 2 started commercial operation. Daya Bay Nuclear Power Station became the first large-scale commercial nuclear power station in the PRC.

On September 29, our Controlling Shareholder, CGNPC, formerly known as China Guangdong Nuclear Power Corporation Limited, was established.



1997

On May 15, the construction of Ling'ao Nuclear Power Station commenced.



2010

On January 8, the construction of Ningde Nuclear Power Station Unit 3 commenced.

On April 15, the construction of Taishan Nuclear Power Station Unit 2 commenced.

On September 15, Lingdong Nuclear Power Station Unit 1 was put into commercial operation.

On September 29, the construction of Ningde Nuclear Power Station Unit 4 commenced.

On November 15, the construction of Yangjiang Nuclear Power Station Unit 3 commenced.

2008

On February 18, Ningde Nuclear Power Station Unit 1 started construction.

On March 28, Hongyanhe Nuclear Power Station Unit 2 started construction.

On July 4, repayment of all principal and interest for infrastructure loans of Daya Bay Nuclear Power Station completed.

On November 12, Ningde Nuclear Power Station Unit 2 started construction.

On December 16, Yangjiang Nuclear Power Station started construction.

2005

On December 15, the construction of Lingdong Nuclear Power Station commenced.



2002

On May 28, Ling'ao Nuclear Power Station Unit 1 was put into commercial operation.

2009

On March 7, Hongyanhe Nuclear Power Station Unit 3 started construction.

On June 4, Yangjiang Nuclear Power Station Unit 2 started construction.

On August 15, Hongyanhe Nuclear Power Station Unit 4 started construction.

On September 29, GNIC and HKNIC entered into a contract to extend the joint venture term of Daya Bay Nuclear Power Station for another 20 years to May 6, 2034.

On December 21, Taishan Nuclear Power Station started construction and Taishan Nuclear's inauguration ceremony was held in Beijing.

2007

On August 18, the construction of Hongyanhe Nuclear Power Station Unit 1 commenced.

2003

On January 8, Ling'ao Nuclear Power Station Unit 2 was put into commercial operation.

On March 12, the first specialized nuclear power operating company in China, DNMC, was formally established.

2011

On August 7, Lingdong Nuclear Power Station Unit 2 was put into commercial operation.



2012

On November 17, the construction of Yangjiang Nuclear Power Station Unit 4 commenced.



On April 15, Ningde Nuclear Power Station Unit 1 was put into commercial operation.

On June 6, Hongyanhe Nuclear Power Station Unit 1 was put into commercial operation.

On September 18, the construction of Yangjiang Nuclear Power Station Unit 5 commenced.

On December 23, the construction of Yangjiang Nuclear Power Station Unit 6 commenced.

2013

2014

On March 25, our Company was incorporated in the PRC; Yangjiang Nuclear Power Station Unit 1 was put into commercial operation.

On May 4, Ningde Nuclear Power Station Unit 2 was put into commercial operation.

On May 13, Hongyanhe Nuclear Power Station Unit 2 was put into commercial operation.

On December 10, our company was listed on the Main Board of the Hong Kong Stock Exchange.



"After 20 years of efforts since its establishment in 1994, China General Nuclear Power Corporation has successfully achieved leap-forward development to form the four major industrial segments in nuclear power, nuclear fuel, non-nuclear clean energy, finance and comprehensive service, the company is the largest nuclear power operator in the PRC and the largest nuclear power builder in the world.

China General Nuclear Power Corporation will, as always, provide full support for the development of CGN Power by granting CGN Power the option, the right of pre-emption and the right of first refusal, and at the same time, leverage the power of the international capital market to further enhance core competitiveness so as to help CGN Power to achieve sustained growth and steady development."

He Yu
Chairman of CGNPC

Chairman's Statement



Inheriting superior genes, safe and stable operations, harmony and win-win cooperation

Dear Shareholders:

I am pleased to present the first annual report of CGN Power Co., Ltd.

CGN Power was officially incorporated in 2014. However, our nuclear power business commenced in 1979 through the construction of Daya Bay Nuclear Power Station. During our more than 30 years of operating history, we have adhered to the policies and guidelines of the State, accepted supervision from national and local regulatory authorities of all levels and received strong support from Shareholders, customers and partners. We have also benefited a lot from interactions and exchanges with domestic and overseas peers. On behalf of the Board of Directors, I would like to take this opportunity to express my heartfelt gratitude to CGNPC, Hengjian Investment, CNNC and Shareholders of H Shares, which have led us along the way, and relevant parties supporting us such as our customers, business partners and domestic and overseas peers.

To CGN Power, 2014 was a memorable year. On March 25, CGN Power Co., Ltd. was officially incorporated. As the sole platform for nuclear power generation of CGNPC, we have inherited a series of superior genes of CGNPC, such as the management philosophy of high starting points and high standards, a modern enterprise management system in line with international standards and an open and transparent nuclear safety culture, laying a solid foundation for the operation and management of the Company. Through the efforts of all staff of the Company and under the strong support of the Shareholders, regulatory authorities and relevant parties, the Company was successfully listed on the Main Board of the Hong Kong Stock Exchange on December 10, and became the first stock for nuclear power in China and is currently also the only listed company that is solely engaged in nuclear power in the global capital market. The strong emphasis we put on nuclear power station safety and the safe operation performance achieved by the Company have won recognition from investors. After listing, we have added new financing platforms and have accepted supervision from the capital market which will have positive effects on the governance standard and business development of the Company and may become a new superior gene of us in the future.

In 2014, the Company achieved good operating results. Eight units in operation maintained safe and stable operations. Three new units were put into commercial operation as scheduled and run in good condition. Nine units under construction and two units under construction of Taishan Nuclear which was being acquired were also being constructed as planned. Total assets of the Company were RMB156.93 billion, representing an increase of 22.9% over 2013. Income was RMB20.79 billion, representing an increase of 19.7% over 2013. Profit attributable to the owners of the Company for the full year was RMB5.71 billion, exceeding the forecast we made for the profit for the year when listed and representing an increase of 36.2% over 2013. Although the Company has been listed for less than one month to December 31, 2014, the Board has recommended the payment of a cash dividend of approximately RMB0.025 for each 10 shares for this period to the Shareholders. All dividends will be officially paid after obtaining approval at the annual general meeting of the Company.

Under the general trend of low carbonization of international energy, the new norm of the domestic economy and the comprehensive deepening of the market-oriented reform, our operation and development environment is undergoing profound changes. These changes not only create new challenges for us but also create rare development opportunities. The business objective of the Company is: Focusing on electricity supply and services focusing on nuclear power generation, with "Safety First, Quality Foremost, Pursuit of Excellence" as the basic principle, and "Doing Things Right in One Go" as the core value, to create the best benefits for customers, Shareholders, employees and the society. Therefore, in the future, we will, as always, focus on the safe and stable operation of all nuclear power stations and persist in information openness and transparency and will also pay close attention to changes in industry and market environments. Through maintaining good communication and cooperation with all stakeholders and partners, we will search for development opportunities and make sound investment decision, control costs and improve profitability and to achieve good results again.

Zhang Shanming
Chairman

March 18, 2015



Safety First, Quality Foremost, Pursuit of Excellence

Being the first President of CGN Power, I am deeply honoured to report the first results to all Shareholders. I hereby mainly report on the management strategy and results of the Company concerning safe and stable operation. The detailed analysis of the Company's business is set forth in the relevant section of this annual report.

In 2014, we persisted in focusing on the sustained safe and stable operation of nuclear power units, actively responded to changes in the macroeconomic trend, enhanced communication and cooperation with customers and all stakeholders. Through the concerted efforts of employees at all levels of our Company, we achieved the established operating targets, with annual on-grid power generation reaching 73.4 billion kwh, representing an increase of 32.6% over 2013.

Nuclear Safety is Paramount

Through the management commitment and led-by-example, the influence of the key staff and the acknowledgement and contribution of all staff, the consensus has been formed in the Company to always put safety first, consistently observed from setting goals to execution.

In 2014, we focused our attention on the status of nuclear safety culture, continued to organize public education on nuclear safety culture, established and implemented the “**Nuclear Safety Culture Assessment Guidelines**” (《核安全文化評估導則》) to conduct survey and assessment on nuclear safety culture at each of the nuclear power bases and made improvements to specific areas according to the assessment results in order to ensure the maintenance and enhancement of our nuclear safety culture level in the rapid development process of the Company. During the year, all our operating generating units maintained safe operations with no occurrence of any level 1 or above nuclear event in the International Nuclear Event Classification (hereinafter referred to as the “**INES**”) system. Six mature operating units (those have completed three refueling cycles) achieved top 10 percentile in 57% of the WANO (World Association of Nuclear Operators) indicators. In 2013, the percentage was 50%. The other five new units (those that have not completed three refueling cycles after commercial operation) achieved top quarter percentile in 53% of the indicators.

Stable Operation of Operating units

In 2014, we managed a total of 11 units operating in 4 nuclear bases, the average capacity factor of the units was 86.5%. Among them, the average capacity factor of 6 mature generating units was 90.0%, while it was 87.2% in 2013. Among the 11 generating units in operation, 3 generating units (Yangjiang Unit 1, Ningde Unit 2 and Hongyanhe Unit 2) commenced commercial operation during the year. Through the efforts of all parties, we are pleased to see that the new generating units have reached the expected performance level, and the average capacity factor of these 3 generating units was 94.1%.

According to the outage plan of each generating unit, apart from 3 generating units newly in operation, the other 8 units had completed 7 refueling outages during 2014, of which 4 outages were either 10-year outage with relatively long duration or first outage. All outage work was completed as originally scheduled for maintenance and removal of defects to safeguard the safe operation of generating units.

Smooth Progression of Projects under Construction

In 2014, the aforesaid 3 new units were completed and commenced operation as scheduled successively. The other 9 units under construction and 2 units from Taishan Nuclear, which is being acquired, was progressing smoothly in the areas of safety, quality, progress, and cost, etc. As at December 31, 2014, Hongyanhe Unit 3 realized first fuel loading and Ningde Unit 3 had satisfied all the conditions for first fuel loading.

Standardized, Specialized and Centralized Management Strategies

In recent years, with commencement of commercial operation of new generating units, generating units successive at the four nuclear bases of the Company in Daya Bay, Hongyanhe, Ningde and Yangjiang adopted the model of “Multi-site and Multi-station Management”, and the Company has formulated the standardized, specialized and centralized management strategies. In 2014, we made in-depth explorations into the model of multi-site management, by enhancing the management efficiency through standardization, improving capabilities through specialization and attaining economies of scale through centralization, the Company will maintain and enhance the overall operation management efficiency and safety and quality level of all generating units continuously under the new management regime.

We have established a professional team to commence management of power station equipment and production, and standardization of operation and maintenance technologies. And centralized management has been implemented initially in the aspects of nuclear island outages, personnel training in operation and maintenance, supply of spare parts and technological support.

With respect to the safe operation of all operating units, the Company has set “1930”^{*} performance enhancement plan. The plan has come with tremendous challenges but we will persist on keeping this a goal for the Company to strive for. We have taken a series of actions to achieve this plan. All nuclear bases have set action plans and will be followed up and monitored through the PBA (planning, budgeting and appraisal) system.

Taishan Acquisition

Pursuant to an equity transfer agreement entered into between us and CGNPC, our controlling shareholder, we will acquire its directly and indirectly held 41% equity interest in Taishan Nuclear. Currently, the acquisition is proceeding as scheduled.



The full picture of the construction site of units 1 and 2 of Taishan Nuclear

* 1930 performance enhancement plan refers to the achievement of the following objectives by operating nuclear generating units each year: 1-outstanding performance, the WANO Performance indicators of generating units in operation reach the top 1/10 level in the world; 9-the capacity factor of generating units reaches 90% or above; 3-the refueling outage (excluding 10-year outage or first outage) duration of generating units is within 30 days; 0-the number of times of unplanned shutdown of generating units or reactors is 0.

Future Outlook

In the future, the operation environment of the Company will face great uncertainties with both challenges and opportunities. We will still be focusing on nuclear power generation, striving to develop nuclear power safely and efficiently, with our key tasks as follows:

- **Safe and stable operation of operating units:** By adhering to the standardized, specialized and centralized management strategies and aiming to realize the objective of "1930", the safe operation level of all generating units will be improved and enhanced continuously. We have made 2015 the "Year of Safety Culture" by further establishing a profound safety culture, enhancing the awareness of all staff in safety and quality, guarding our bottom line, pursuing excellence, preventing INES level 2 nuclear events and significant safety and quality incidents from happening, preventing fatal, fire and material delay incidents and occurrence of material quality incidents.
- **Progress in units under construction as scheduled:** According to the construction plan, 4 generating units will commence commercial operation in 2015, including Hongyanhe Units 3 and 4, Ningde Unit 3 and Yangjiang Unit 2. We will continue to strengthen and enhance the safety, quality and environmental management of projects under construction, and will make all preparations to ensure that the generating units will commence operation as scheduled.
- **Continue to develop scientific and technological innovations:** We will keep on investing in technological innovations and enhance the safety and economy of generating units through technological research and development, such as enhancing the reliability of equipment, increasing power generation capacity of generating units through technical upgrade and optimization of the fuel cycles. Moreover, we will also selectively participate in the research and development of advanced types of reactors to strengthen our core competitiveness.
- **Actively prepare for new projects:** New projects are the driving force for the sustainable development of the Company. We will actively make preparation, capture new project opportunities and expand the company scale.

On December 10, 2014, our Company was successfully listed in Hong Kong, which laid a solid foundation for our future development. 2015 is the first full financial year after the listing of CGN Power. We will strictly comply with the Listing Rules, seize development opportunities and improve our operation management, and to repay the trust of our Shareholders with more excellent performance.

Gao Ligang
President

March 18, 2015

Shareholders' Value

The Board of Directors, the management and employees of the Company are responsible for creating value for Shareholders. As at the end of 2014, CGN Power had more than 6,700 registered Shareholders, but if including individuals and institutions holding equity interest in the Company indirectly through intermediaries such as nominees, investment funds and the Central Clearing and Settlement System (CCASS), the actual number of investors would be much higher than such number. Among the largest shareholders of CGN Power, the shareholdings of CGNPC, Hengjian Investment and CNNC were 64.20%, 7.54% and 3.70%, respectively, and the remaining shareholding of 24.56% was held by a diversity of institutions and individual Shareholders.

We passed a Shareholders' resolution on September 17, 2014 approving the distribution of special dividends in the amount of approximately RMB3,688,111,000, the retained profits accrued during the period from March 25, 2014 to the listing date of the Company (the "Listing Date") to CGNPC, Hengjian Investment and CNNC, being the Shareholders of the Company before listing. In addition to the above distribution of dividends, the Board has proposed to declare a final cash dividend of RMB0.025 (tax inclusive) for every 10 shares to Shareholders as of the record date of dividend payment for the period from the Listing Date to the year ended December 31, 2014, the final dividend will be distributed after approval by Shareholders at the annual general meeting of the Company.

The proportion of final dividend payment in the current year is determined taking into consideration that we only became listed on the Main Board of the Hong Kong Stock Exchange in December 2014 and the specific results of operations for the year. When considering the proportion of dividend payment in the future, we will take into consideration the operating performance of the Company for the year and other factors, provided that it shall not be lower than 33% of the distributable net profits for the year.

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 Shareholders and investors, which has been published on the Company's website. We have enhanced the effective communication between the Company and Shareholders by various means. We firmly believe that maintaining good relations with investors is one of the good practices in corporate governance.

Channels of Communication With Shareholders and Investors

- Annual report and interim report of the Company.
- Annual general meeting: The 2014 annual general meeting is proposed to be held in May 2015.
- 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 operation, social responsibility, and relevant information on nuclear and radiation.
- Results announcement conference: Introduce to investors the annual results and interim results of Company.
- Hotlines and e-mails for investor relations: Provide daily communication and consultation.
- Investors meetings: The Company arranges interviews between the management and the investors from time to time. After our listing in 2014 and up to the end of 2014, the management has attended approximately 4 investors meetings.

Shareholder's Diary 2015

| | | |
|--|---|--|
| <p>January</p> <p>Announcement of 2014 annual power generation</p> | <p>February</p> | <p>March</p> <p>Announcement of 2014 annual results</p> |
| <p>April</p> <p>Publication of 2014 annual report</p> | <p>May</p> <p>2014 annual general meeting</p> | <p>June</p> <p>Distribution of final dividend for 2014</p> |
| <p>July</p> | <p>August</p> <p>Announcement of interim results and publication of interim report for 2015</p> | <p>September</p> |
| <p>October</p> | <p>November</p> | <p>December</p> |



Investors conference of the company for the Hong Kong investors of the Global Offering held on November 24, 2014.

Management Discussion and Analysis

- 18 Business Performance and Analysis
- 28 Financial Performance and Analysis



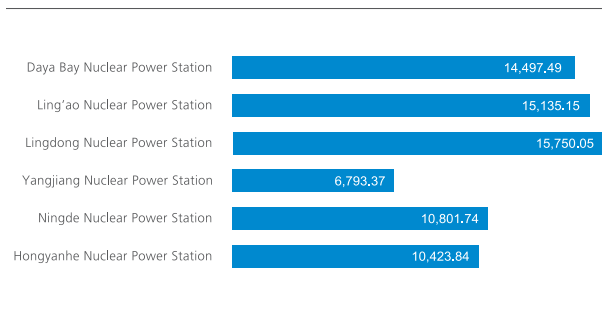
Business Performance and Analysis

We currently manage 20 nuclear power generating units, among which 11 units are in commercial operations and 9 units are under construction. We hereby mainly report on the business performance of our nuclear power generating units in operation and under construction during 2014.

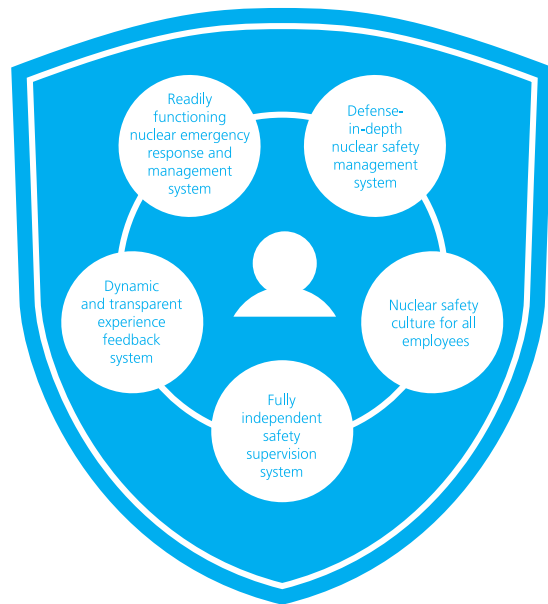
Nuclear Power Generating Units in Operation

As a power generation company focusing on nuclear power generation, we strive to provide customers with safe, reliable, environmentally friendly and economical electricity supply. In 2014, 11 nuclear power generating units in operation operated and managed by us maintained safe and stable operation, achieving a total annual on-grid power generation of 73,401.63 GWh, representing an increase of 32.6% over 2013.

On-grid power generation figures (GWh) of our nuclear power stations for 2014 are as follows:



response and management mechanism for handling accidents, so as to ensure the safe, economical and reliable operation of our nuclear power plants and safeguard social and public safety.



Safety Performance

Nuclear safety is the bedrock of nuclear power companies. We adhere to the "nuclear safety is paramount" and "safety first" principles. This principle will be reflected throughout all stages in the design, construction and operation of nuclear power stations. The general objective of nuclear safety is to establish and maintain an effective defense system to protect people, society and the environment from harmful radioactive effects.

In nuclear power plant operation, we always put safety in the first place, strictly comply with State laws, regulations, guidelines and standards, and seriously fulfill our commitments. We believe that only a safe nuclear power station can be economical, and strive to lead and demonstrate the building of a safety culture which core members will penetrate into and all employees will participate in. By a defense-in-depth management principle, we establish a comprehensive safety management system, implement dynamic and transparent experience feedback, conduct fully independent safety supervision, and establish an emergency

Defense-in-depth nuclear safety management system

For nuclear power stations under our management, not only a defense-in-depth barrier has been established through physical isolation and multiple redundancy during the design phase to ensure its intrinsic safety, the guiding principles for defense-in-depth have also been applied in the safety management system in the construction and operation phase to establish defense-in-depth barriers for prevention, monitoring and correction actions to cope with possible failures of equipment, personnel and organization, so as to maintain the completeness of three physical barriers for the nuclear power stations and minimize the possibility and environmental impact of radioactive leakage to the environment for protecting individuals, the public and the environment. The designs and improvements of all nuclear-related activities management systems and procedures must take into consideration the establishment of a defense-in-depth barrier and its effectiveness.

Nuclear safety culture for all employees

We firmly believe that a safety culture requires the participation of all employees, whereas the development of a safety culture is a systematic task for collective participation by all employees. We fulfil safety management responsibilities through leader demonstration, strengthen safety barriers and implement procedural requirements through penetration of core members, participation of all employees, regulate personal safety behaviors through the respect of nuclear safety, promote the “safety is a must” proactiveness of all employees, hence converting the principle of “safety first, quality first” into the daily working habits of all employees.

Fully independent safety supervision system

We have established three levels of safety supervision systems. The first level is the on-site safety supervision team with nuclear power plant safety engineers as at the core to ensure the effectiveness of daily production activities of the nuclear power stations in terms of safety. The second level is the safety management body with the basic functions of managing the safety quality of nuclear power stations, ensuring and overseeing the effectiveness of the safety management system at the organizational level. The third level is the Independent Nuclear Safety Supervision and Evaluation Center (hereinafter referred to as the “Nuclear Safety Supervision Center”) targeting at multi-site stations, which carries out independent safety supervision and evaluation of all nuclear power bases. The independent evaluation conducted by the Nuclear Safety Supervision Center, which covers a total of eight areas including nuclear safety management, operation, maintenance, technical support, radiation protection, fire protection, chemistry and environment as well as building management, served to promote systematic enhancement of the safety management standards of each nuclear power base, and provide independent assessment of the effectiveness of multi-site safety management system.

Apart from internal independent safety supervision of the nuclear power plants we manage, we are also subject to the supervision of National Nuclear Safety Administration (hereinafter referred to as the “NNSA”). The NNSA carries out random and targeted inspection on the nuclear power plants we manage, and also oversees and checks our compliance with nuclear safety regulations.



NNSA conducted a safety check on Daya Bay Nuclear Power Station

Furthermore, we also follow the safety management common practices of international nuclear power plants, and regularly organize and invite our international peers to carry out safety assessment of the nuclear power stations we manage. Such international independent safety assessments include peer review and safety assessment organized by the International Atomic Energy Agency (“IAEA”) and the World Association of Nuclear Operators (“WANO”) and performed by international peer experts. Through peer evaluation and monitoring internationally, we can effectively share the good safety management practices of international peers, which help us improve our safety management level and enhance our safety performance.

Dynamic and transparent experience feedback system

The nuclear power plant experience feedback system is an integral part in the safe operation of a nuclear power plant. Our experience feedback system is based on detection of events. It adheres to a transparent incident reporting system for analysis of root cause of incidents, devising corrective actions targeting at fundamental reasons, and forming a dynamic and transparent experience feedback system to prevent reoccurrence of incidents.

While focusing on feedbacks for and the lessons learned from problems occurred during the process of nuclear power plant operation and management, we also regularly conclude and solidify our good practices, and borrow from external experience feedbacks through continuous exchanges with peers to facilitate enhancement of our safety management.

Readily functioning nuclear emergency response and management system

In order to respond quickly and effectively to nuclear emergencies, nuclear power stations must have well-conceived general contingency plans and adequate emergency preparations, and have established readily functioning nuclear emergency response and management systems.

We have a full-coverage emergency management system focusing on nuclear emergency response, a multi-layer emergency defense mechanism, professional emergency response facilities and adequate and qualified emergency response personnel. We have implemented a comprehensive emergency preparedness systems in all nuclear power stations we manage and organized different scales of emergency exercises in a timely manner to ensure rapid response to accidents. All of our emergency response staff are subject to stringent training.

Safety Management Practices

The essence of safety management lies in its implementation. In 2014, we continued to conduct nuclear safety culture precautionary education in each nuclear power station we operated and managed. Nuclear power station managers gave training mainly based on the operation and management activities of nuclear power stations, experience and feedback from the peers and organised nuclear safety culture education for all staff. In 2014, with all our nuclear power stations as targets, we developed a multi-site-oriented experience feedback mechanism, and realized multi-site-oriented experience feedback sharing. We have also compiled special publications about experience feedback for different stages of daily operation, and raised a total of more than 300 items of feedback sharing events about multi-site experience throughout the year. Meanwhile, we actively promoted the development of an experience feedback mechanism for project construction, production and operation of nuclear power station, and raised a total of more than 120 items of experience feedback for project construction, production and operation throughout

the year. In 2014, we established a multi-site-oriented nuclear emergency rescue center to improve our emergency communications system, and conducted the first multi-site-oriented special emergency drill in Daya Bay Base Area. In 2014, the nuclear power generating units we managed were subject to 27 regular safety inspections by the NNSA as scheduled, among which, 6 units of Daya Bay Base Area were subject to a total of 4 inspections, targeting on its reactor coolant system, fire safety, safety-related electrical systems and management of radioactive waste respectively; Yangjiang Nuclear Power Station was subject to a total of 6 inspections, mainly targeting on the state control point release during the start-up of Yangjiang Units 1, 2 and 3, and the dome lifting of Yangjiang Unit 3; Ningde Nuclear Power Station was subject to a total of 8 inspections, mainly targeting on condition checking prior to and after the first refueling outage of Ningde Unit 1, the state control point release during the start-up of Ningde Units 2 and 3, and welding of main pipe of Ningde Unit 4; Hongyanhe Nuclear Power Station was subject to a total of 9 inspections, mainly targeting on condition checking prior to and after the first refueling outage of Hongyanhe Unit 1, and the state control point release during the start-up of Hongyanhe Units 2, 3 and 4. In 2014, we also organized and invited the WANO to conduct 4 peer reviews on part of the nuclear power stations we operated and managed, including mainly the pre-start-up peer review for Yangjiang Units 2, Ningde Units 3 and Hongyanhe Unit 3, and the peer review follow-up visits for the 6 units of Daya Bay Base Area, which helped us to improve our safety management.

Safety Performance

According to the International Nuclear Events Scale (“INES”) set by the International Atomic Energy Agency, the incidents occurred in the nuclear power stations we operated and managed in 2014 were all at level 0, thus we continued to maintain our excellent safety track record of having no incidents at level 2 or above. We have also obtained excellent safety evaluation for all 27 regular safety inspections by the NNSA.

| Base Area or Nuclear Power Station | Incidents (All are Level 0 Incidents) | |
|---|--|------|
| | 2013 | 2014 |
| Daya Bay Base Area (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 | 10 | 6 |
| Hongyanhe Nuclear Power Station | 12 | 1 |

Operation Performance

The utilization rate of nuclear power generating units is an important factor affecting our overall results of operations and profitability. Capacity factor, load factor and average utilization hours are the three indicators normally utilized by us to evaluate the utilization of the nuclear power generating units. In 2014, the mature units (nuclear power generating units that have completed operation through three fuel cycles) managed by us had an average capacity factor of 90.0%, average load factor of 89.0%, and average utilization hours of 7,793 hours, while these three indicators were 87.2%, 86.6% and 7,581 hours in 2013, respectively. This change is mainly due to the fact that Daya Bay Unit 1 had not conducted any outage in 2014. In 2014, the new units (nuclear power units that have not completed operation through three fuel cycles after commercial operations) had an average capacity factor of 82.2%, average load factor of 79.5%, and average utilization hours of 6,939 hours, while these three indicators were 99.9%, 97.4% and 8,534 hours in 2013, respectively. This change is mainly due to the fact that Ningde Unit 1 and Hongyanhe Unit 1 completed the first outage in 2014, and these two units did not conduct any outage since their commercial operations in 2013.

Based on the design of pressurized water reactor (“PWR”) nuclear power stations, the nuclear reactor of each unit in operation must be shut down and refueled after a certain period of time. Refueling activities for the nuclear power stations operated and managed by us are carried out regularly, with intervals which are usually 12 to 18 months depending on the fuel elements, the design of the core reactor and the load factors during operation. Due to such refueling cycle of nuclear power stations, we generally carry out preventive maintenance, corrective maintenance and related modifications projects mainly during refueling periods which are usually referred to as refueling outages by nuclear power stations. According to the technical requirements for operating nuclear power stations, we need to carry out inspection, testing and maintenance of major equipment every ten years. Such activities will be conducted during the refueling period of generating units, and this is usually referred to as 10-year outage by nuclear power stations.

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

The intervals for refueling outages and the duration of each outage for nuclear power generating units are the major determining factors for the indicators of utilization rates such as the capacity factors and load factors of units. Refueling outage usually takes about 45 days, while 10-year outage takes about 90 days.

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

The capacity factor and load factor of nuclear power generating units we operated and managed in recent two years are set out below:

| Nuclear Power Stations | Capacity factor (%) | | Load factor (%) | |
|-------------------------------|---------------------|--------------|--------------------|---------------|
| | 2013 | 2014 | 2013 | 2014 |
| <i>From subsidiaries</i> | | | | |
| Daya Bay Unit 1 | 86.83 | 99.66 | 86.76 | 100.02 |
| Daya Bay Unit 2 ¹ | 85.93 | 75.58 | 86.04 | 75.62 |
| Ling'ao Unit 1 ² | 82.94 | 90.44 | 82.38 | 88.59 |
| Ling'ao Unit 2 ³ | 88.58 | 94.55 | 87.28 | 93.46 |
| Lingdong Unit 1 ⁴ | 90.11 | 89.42 | 88.78 | 87.88 |
| Lingdong Unit 2 ⁵ | 88.95 | 90.31 | 88.18 | 88.35 |
| Yangjiang Unit 1 | under construction | 99.93 | under construction | 98.78 |
| <i>From joint ventures</i> | | | | |
| Ningde Unit 1 ⁶ | 99.95 | 57.31 | 98.51 | 56.70 |
| Ningde Unit 2 | under construction | 99.83 | under construction | 98.66 |
| <i>From associates</i> | | | | |
| Hongyanhe Unit 1 ⁷ | 99.90 | 71.48 | 96.32 | 67.17 |
| Hongyanhe Unit 2 | under construction | 82.68 | under construction | 76.29 |

1: Daya Bay Unit 2 underwent a 10-year outage in 2014, which was completed in early 2015.

2: Ling'ao Unit 1 completed a refueling outage in 2014.

3: Ling'ao Unit 2 completed a 10-year outage in 2014, which spanned from 2013 to 2014.

4: Lingdong Unit 1 completed a refueling outage in 2014.

5: Lingdong Unit 2 completed a refueling outage in 2014.

6: Ningde Unit 1 completed the first outage after commencement of operation in 2014. The first outage was similar to a 10-year outage in nature. We found anomalies in part of components after this outage, thus we shut it down for replacing components based on the principle of "Safety First, Quality Foremost."

7: Hongyanhe Unit 1 completed the first outage after commencement of operation in 2014. The first outage was similar to a 10-year outage in nature.

Irregular technical improvement will be carried out for the nuclear power stations we operated and managed for the purpose of ensuring reliable operation of nuclear power station equipment, optimizing the performance of the units, and incorporating operating experience as well as the latest management standards and technical requirements for nuclear safety management of our peers. All improvement projects are carried out by us with the principal objective of safe and stable nuclear power station operation. They have gone through independent safety review and assessment and, if necessary, prior approval from the NNSA must be obtained before implementation.

In 2014, when compared with the one-year value benchmark of 9 performance indicators for PWR set by WANO in 2013, among a total of 99 WANO performance indicators of our 11 nuclear power generating units, there were 62 indicators achieving the world's top quartile level (advanced level), of which 52 indicators achieving the world's top decile level (excellent level); and for the first time 5 of our nuclear power generating units have altogether achieved the world's top decile level in all the WANO performance indicators of unplanned automatic scrams per 7,000 critical hours, fuel reliability, chemistry performance indicator and industrial safety accident rate, achieving an overall excellent performance.

Environmental Performance

In 2014, we continued to improve our radioactive waste management by improved management and technical upgrade, such as reducing the activity and concentration levels of radioactive waste discharged through technical treatment, reducing the discharge of radioactive waste, and regulating the handling, storage and disposal of radioactive waste. The radioactive waste management of the 11 units in operation managed by us has strictly complied with State laws and regulations, and has strictly met the standard requirement 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 during the period as a percentage of the national standards:

| | 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 | |
|--|--|--------|------------------------------------|--------|---------------------------------|--------|------------------------------------|--------|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Discharged liquid radioactive waste (radionuclides other than tritium) as a percentage of the national standards | 0.38% | 0.162% | 0.21% | 0.068% | 0.14% | 0.55% | 0.85% | 0.84% |
| Discharged gas radioactive waste (inert gases) as a percentage of the national standards | 0.49% | 0.133% | 0.17% | 0.127% | 0.27% | 0.53% | 1.68% | 0.176% |
| Solid radioactive waste (cubic meters) | 355.2 | 367.2 | 0 | 0 | 38.0 | 100 | 32.7 | 125.8 |
| Results of environmental monitoring | Normal | Normal | Normal | Normal | Normal | Normal | Normal | Normal |

Note: Yangjiang Unit 1, Ningde Unit 2 and Hongyanhe Unit 2 were put into commercial operations in 2014.

NNSA first released the National Radiation Environment Monitor Annual Report on January 14, 2015, which stated that "the monitor result as of the third quarter of 2014 indicated: No obvious movement in the national radiation environmental level. The report indicated that the real-time continuous air-absorbed rates of automatic monitor stations for radiation movement in the periphery of nuclear power generating units in operation in China have fallen within the fluctuation range of local natural background levels. The activity and concentration of radionuclides in aerosol, sediment, surface water, groundwater, soil and other environmental media in the periphery of nuclear power plants have not changed significantly as compared with that of previous years and fallen within the fluctuation range of local natural background levels. The radiation exposures of the public is far below the national regulatory limit."

Nuclear power plays an important role in the energy structure of economically developed coastal regions, and contributes to energy saving and emission reduction for such regions. Taking Guangdong Province as an example, we currently supply nearly 8.1% of Guangdong Province's electricity supply and nearly 23% of Hong Kong's electricity supply through cooperation with CLP Holdings Limited, making us a major component among zero-carbon-emission energy sources in the Pearl River Delta region.



Environmental engineers are conducting environment monitoring on the Daya Bay base

Our annual on-grid nuclear power generation in effect represented a reduction of approximately 23.56 million tons of standard coal consumption, approximately 57.96 million tons of carbon dioxide emissions, approximately 0.56 million tons of sulfur dioxide emissions and approximately 0.37 million tons of nitrogen oxide emissions, with an equivalent effect of planting a 0.16 million hectare forest.

Nuclear Power Generating Units Under Construction

The starting date of the construction phase of a nuclear power station project will be the first concrete date (FCD) of the nuclear island. The primary work of the construction phase includes plant construction and procurement, installation and commissioning of equipment, as well as operation preparation before the generating units officially commence commercial operations. This phase normally lasts about 5 years.

China Nuclear Power Engineering Co., Ltd. (“CGN Engineering”) is the principal contractor responsible for the construction of nuclear power projects of which we are in charge. We control, supervise and manage the aspects including the safety, quality, progress, investment, technology and environment in respect of the construction projects, so as to ensure that the projects under construction comply with various regulatory requirements and facilitate the safe, stable and economical operation of the units after commencement of commercial operations.

As at December 31, 2014, the construction of 9 nuclear power generating units under construction and 2 nuclear power generating units under construction which are being acquired by the Group progressed well, with 6 units in the commissioning phase, 3 in the equipment installation phase, and 2 in the civil construction phase. In particular, Hongyanhe Unit 3 completed the first fuel loading on September 17, 2014, and achieved reactor initial criticality on October 24, 2014.

| Nuclear Power Generating Units | Civil Construction Phase ¹ | Equipment Installation Phase ² | Commissioning Phase ³ | Grid Connection Phase ⁴ | Expected Time of Commencement of Operation |
|--|---------------------------------------|---|----------------------------------|------------------------------------|--|
| <i>From subsidiaries</i> | | | | | |
| Yangjiang Unit 2 | | | √ | | Second half of 2015 |
| Yangjiang Unit 3 | | | √ | | 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 |
| <i>From joint ventures</i> | | | | | |
| Ningde Unit 3 | | | √ | | Second half of 2015 |
| Ningde Unit 4 | | √ | | | Second half of 2016 |
| <i>From associates</i> | | | | | |
| Hongyanhe Unit 3 | | | √ | | First half of 2015 |
| Hongyanhe Unit 4 | | | √ | | Second half of 2015 |
| <i>From companies which are being acquired</i> | | | | | |
| Taishan Unit 1 | | | √ | | First half of 2016 |
| Taishan Unit 2 | | √ | | | Second half of 2016 |

- 1: "Civil construction" refers to activities within the construction phase, particularly the construction of various buildings and structures in accordance with the applicable blueprints. The scheduled duration is approximately 23 months.
- 2: "Equipment installation" refers to the entire process of placing and installing equipment in right positions and equipment integration during the construction phase. The scheduled duration is approximately 26 months.
- 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. The scheduled duration is approximately 11 months.
- 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. The scheduled duration is approximately 5 months.

"Scheduled duration" mentioned above refers to the duration of a given stage under normal circumstances, and may change depending on different circumstances of the specific projects. In particular, 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 localization ratio as well as the implementation of additional PRC regulatory and safety requirements for nuclear safety, the actual date of commencement of operation may deviate from such expected date. We will provide updated information in accordance with the relevant rules from time to time.

Safety Improvement after the Fukushima Accident

After the Fukushima Daiichi Nuclear Power Station accident in Japan in 2011, the standing committee meeting of the State Council of the PRC deployed to carry out comprehensive nationwide safety inspection of nuclear facilities. To implement the State Council's requirements, the NNSA and other ministries jointly organized and implemented inspection of nuclear power stations in operation and under construction, and promulgated the "General Technical Requirements for Improvement Actions of Nuclear Power Stations after the Fukushima Accident (Trial)" (《福島核事故後核電廠改進行動通用技術要求(試行)》) .

In accordance with the "General Technical Requirements for Improvement Actions of Nuclear Power Stations after the Fukushima Accident (Trial)" (《福島核事故後核電廠改進行動通用技術要求(試行)》) , CGNPC (including the Company) followed advanced experience of international peers and actively promoted implementation of post-Fukushima-accident general plan for safety improvement to ensure that the improvement measures are prospective, advanced and effective. We have actively coordinated and carried out the implementation of all post-Fukushima-accident safety correction measures by setting up post-Fukushima-accident safety correction work groups to ensure the smooth implementation of safety correction measures in terms of organization, technology and funding. All nuclear power stations in operation and under construction have developed post-Fukushima-accident safety correction special work plans and set up special project teams, and orderly carried out substantive improvement on short, medium and long-term basis in areas such as extreme natural disaster response, serious accident mitigation and emergency response optimization, including safety analysis, technology assessment and works modification for response to accidents and serious accidents, formulating and improving corresponding regulations and emergency response plans, strengthening equipment repair and maintenance and continuous enhancement of the nuclear power stations' ability to defense against external natural disasters and mitigate serious accidents, hence further improving the safety levels.

According to the feedbacks from international peers and requirements of the NNSA, and taking into account the actual situation of the various nuclear power stations in operation, we have developed plans for a total of 50 items of post-Fukushima-accident safety improvement actions, of which 47 have all been completed as scheduled. These improvement actions include the special research studies and project implementation for the "elevated tank" and "high-energy storage battery", the two scientific research projects carried out in our Daya Bay Power Station, to improve the cooling function and power supply capacity of the nuclear power stations. As at December 31, 2014 we have completed 23 out of 28 improvement plans for nuclear power stations under construction. Furthermore, we have completed 8 out of 14 improvement plans for Taishan Nuclear Power Station, which is currently being acquired by the Company.

Sales of Electricity

We derive substantially all of our revenue from the sales of electricity generated by nuclear power stations in which we have controlling interest. We sell the electricity generated by our nuclear power stations based on electricity sales contracts. In 2014, the on-grid power generation of nuclear power stations controlled by us was 52,176.06 GWh and the sales revenue of electricity was RMB19,327.4 million, representing 93.0% of our total revenue for the same period.

Our customers are mainly local power grid companies. Daya Bay Nuclear Power Station sold a portion of electricity to Hong Kong. According to the agreement entered into by GNPJVC, GNIC and HKNIC on December 31, 2013 in respect of selling electricity to HKNIC, our Daya Bay Nuclear Power Station began to increase the supply of electricity to HKNIC from the fourth quarter of 2014, with an increase of annual power generation of approximately 1% in 2014.

Our units that commenced operation in 2014 supplied electricity to the power grids based on the power tariff of the nuclear power units previously in operation.

Analysis on Sales of Electricity

In 2014, China's overall economy slowed down and the power consumption growth rate within China declined as compared to the previous year. Electricity demands vary in areas where the nuclear power stations operated and managed by us are located, while the structures of some power grids of some regions also limit the output of our power supply. As a result of the support of state environmental protection policies and the relatively small proportion of nuclear power as compared to the generation capacity for the country, our sales of electricity remained at a stable level.

In 2014, on the condition that safety could be guaranteed, our nuclear power operating units in operation engaged in deloading during certain periods of time so as to cope with the safe dispatch of electricity to local power grids under unusual circumstances such as holiday seasons or weather changes, and to provide active support and protection for the overall safety of power grids. For example, Hongyanhe Nuclear Power Station engaged in deloading during certain periods of time according to the requirements of the local power grids and the local needs for ensuring supply of heating in winter.

In 2014, the PRC government started reforming the electricity market to accelerate power grid construction. In March 2014, the National Development and Reform Commission of the PRC ("NDRC"), National Energy Administration of the PRC and Ministry of Environmental Protection of the PRC issued the "Work Plan for Strengthening the Prevention and Amelioration of Atmospheric Pollution" (《能源行業加大大氣污染防治工作方案》) which has confirmed the goal of safe and efficient promotion of nuclear power development. In May 2014, the NDRC promulgated the "Guiding Opinion on Strengthening and Improving the Adjustment and Management of Power Generation Operation" (《國家發展改革委關於加強和改進發電運行調節管理的指導意見》) which has confirmed that nuclear power generation was included into the arrangement of priority power generation and grid connection. In December 2014, construction of the ultra-high voltage transmission circuits from power grids of Fujian Province to power grids of Zhejiang Province was completed and the power supply condition of Ningde Nuclear Power Station operated and managed by us will improve to a certain extent.

Outlook

In 2015, there are still great uncertainties in the domestic electricity market and 4 generating units of the Company under construction will commence commercial operations, being: Yangjiang Unit 2, Ningde Unit 3 and Hongyanhe Units 3 and 4, respectively.

Generally speaking, we need to focus on safe operation of nuclear power stations in operation to ensure power grid safety and power supply to the society. We will:

- enhance the reliability of nuclear power station equipment, maintain the stable operations of nuclear power generating units, and ensure the power generation capacity of our nuclear power generating units in operation;
- actively maintain smooth communication with power grid companies to ensure safe operation of nuclear power generating units and power grid safety; and
- pay close attention to any change in the government policies regarding electricity market reform, take proactive actions as well as seize and grasp the opportunities.

In the medium to long term, the Company will adhere to the core goal of "creating world-leading nuclear power operating results", maintain safe and stable operation of our mature units, ensure the smooth and safe commencement of operations of new units and achieve rapid and consistent operation results of all sites.

Financial Performance and Analysis

Financial statements reports on the results of the Company's operations, reflecting the financial position, results of operation and cash flows of the Company. Our investment and operational strategies will affect our business performance, which in turn translates into the figures combined in our financial statements.

OVERVIEW OF FINANCIAL RESULTS AND POSITION

KEY FINANCIAL INDICATORS

| Item | 2014 | 2013 | 2012 | 2011 |
|---|-------|-------|-------|-------|
| Indicators of profitability | | | | |
| EBITDA margin(%) ¹ | 66.2 | 65.1 | 65.8 | 68.2 |
| Net profit margin(%) ² | 33.1 | 29.2 | 28.3 | 34.0 |
| Indicators of investment returns | | | | |
| Return on equity(%) ³ | 15.1 | 18.2 | 20.9 | 26.8 |
| Return on total assets(%) ⁴ | 4.8 | 4.1 | 4.2 | 5.2 |
| Indicators of solvency | | | | |
| Gearing ratio(%) ⁵ | 136.4 | 250.4 | 326.8 | 247.9 |
| Debt to equity ratio(%) ⁶ | 88.0 | 220.7 | 294.8 | 195.5 |
| Interest coverage ⁷ | 2.3 | 1.7 | 2.0 | 2.7 |

1 The sum of profit before taxation, finance expenses and depreciation of property, plant and equipment divided by revenue and multiplied by 100%.

2 Profit divided by revenue and multiplied by 100%.

3 Profit divided by total average equity (the arithmetic mean of the opening and closing balances) and multiplied by 100%.

4 Profit divided by total average assets (the arithmetic mean of the opening and closing balances) and multiplied by 100%.

5 Total debt (the total amount of bank and other borrowings) divided by total equity 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 Profit before interest and tax divided by interest expense.

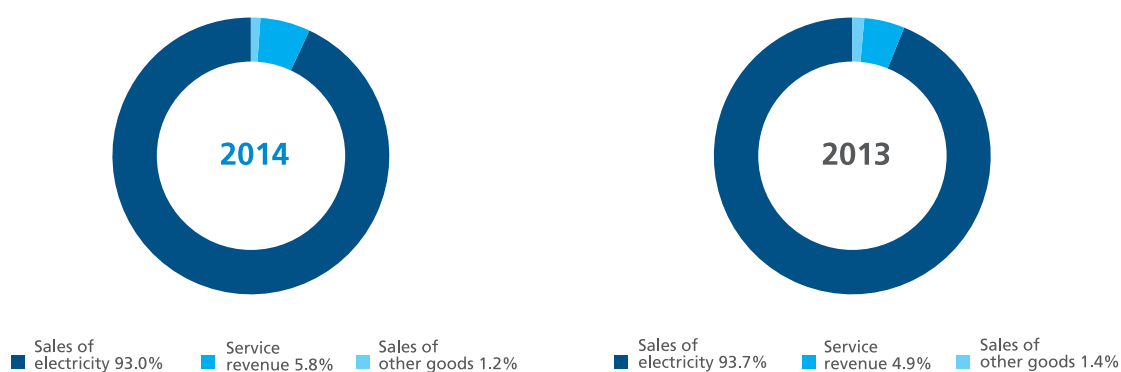
FINANCIAL RESULTS

In 2014, the Group realized revenue of RMB20,793.3 million, representing an increase of RMB3,428.3 million or 19.7% from RMB17,365.0 million in 2013; the Group realized profit of RMB6,874.8 million, representing an increase of RMB1,803.4 million or 35.6% from RMB5,071.4 million in 2013. Profit attributable to owners of the Company was RMB5,712.6 million, representing an increase of RMB1,518.1 million or 36.2% from RMB4,194.5 million in 2013.

REVENUE

| | Year Ended December 31, | | | Percentage change increase/ (decrease) % |
|----------------------|-------------------------|-------------------|---|--|
| | 2014 RMB'000 | 2013 RMB'000 | Movements increase/ (decrease) RMB'000 | |
| Sales of electricity | 19,327,383 | 16,267,803 | 3,059,580 | 18.8 |
| Service revenue | 1,213,891 | 843,393 | 370,498 | 43.9 |
| Sales of other goods | 252,013 | 253,820 | (1,807) | (0.7) |
| Total revenue | 20,793,287 | 17,365,016 | 3,428,271 | 19.7 |

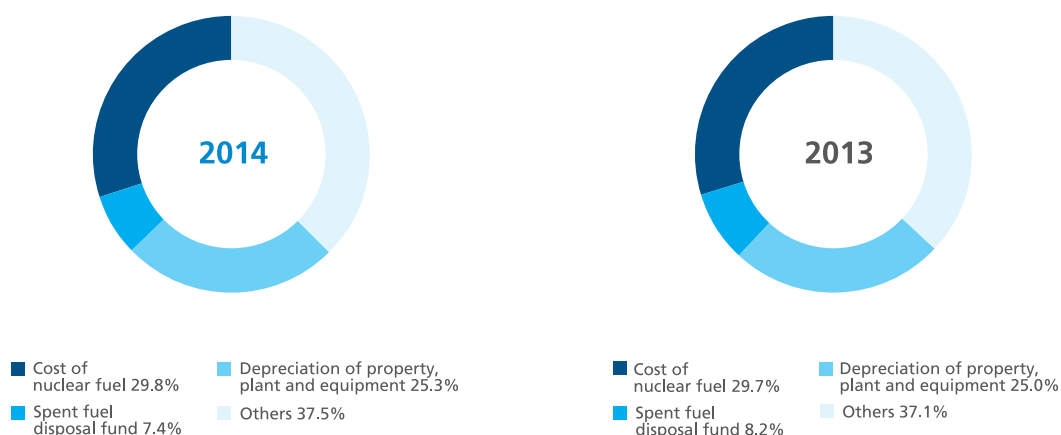
Our total revenue increased by 19.7% from RMB17,365.0 million in 2013 to RMB20,793.3 million in 2014, among which revenue from sales of electricity increased by 18.8% from RMB16,267.8 million in 2013 to RMB19,327.4 million in 2014, primarily attributable to the commencement of commercial operations of Yangjiang Unit 1 in March 2014.



COST OF SALES AND SERVICES

| | Year Ended December 31, | | | Percentage change increase/ (decrease) % |
|--|-------------------------|------------------|---|---|
| | 2014 RMB'000 | 2013 RMB'000 | Movements increase/ (decrease) RMB'000 | |
| Cost of nuclear fuel | 3,094,614 | 2,657,564 | 437,050 | 16.4 |
| Depreciation of property, plant and equipment | 2,625,932 | 2,240,128 | 385,804 | 17.2 |
| Spent fuel disposal fund | 770,454 | 731,817 | 38,637 | 5.3 |
| Others | 3,908,297 | 3,331,638 | 576,659 | 17.3 |
| Total cost of sales and services | 10,399,297 | 8,961,147 | 1,438,150 | 16.0 |

Our cost of sales and services increased by 16.0% from RMB8,961.1 million in 2013 to RMB10,399.3 million in 2014, among which, cost of nuclear fuel increased by 16.4% from RMB2,657.6 million in 2013 to RMB3,094.6 million in 2014, primarily due to the commencement of commercial operations of Yangjiang Unit 1 in March 2014 which resulted in increased cost of nuclear fuel of RMB392.0 million; depreciation of property, plant and equipment increased by 17.2% from RMB2,240.1 million in 2013 to RMB2,625.9 million in 2014, primarily due to the commencement of commercial operations of Yangjiang Unit 1 in March 2014 which resulted in increased depreciation costs of RMB 368.7 million.



OTHER INCOME

Our other income increased by 19.5% from RMB1,505.8 million in 2013 to RMB1,799.4 million in 2014, primarily due to increased refund of value-added tax enjoyed by some of our subsidiaries for their sales of electricity from RMB1,298.7 million in 2013 to RMB1,600.2 million in 2014.

SHARE OF RESULTS OF ASSOCIATES

Our associates mainly include Hongyanhe Nuclear and CGN Fund Phase I, and our share of results of associates increased from RMB148.8 million in 2013 to RMB232.9 million in 2014, primarily because Hongyanhe Unit 2 commenced commercial operations in May 2014 and generated profits.

SHARE OF RESULTS OF JOINT VENTURES

Our joint ventures mainly include Ningde Nuclear, and our share of results of joint ventures increased from RMB143.5 million in 2013 to RMB228.4 million in 2014, primarily because Ningde Unit 2 commenced commercial operations in May 2014 and generated profits.

FINANCE COSTS

Our finance costs increased by 14.3% from RMB2,803.6 million in 2013 to RMB3,204.2 million in 2014, primarily due to the fact that the accrued interest on borrowings of Yangjiang Unit 1 had been expensed as finance costs since it was put into commercial operations in March 2014.

TAXATION

Taxation decreased by 7.4% from RMB998.3 million in 2013 to RMB924.8 million in 2014, primarily due to the fact that the units of Lingdong Nuclear enjoyed preferential corporate income tax policy pursuant to the relevant provisions of

the “Supplementary Notice on Issues Relating to Preferential Corporate Income Tax Enjoyed by Public Infrastructure Projects” (Cai Shui [2014] No. 55) (《關於公共基礎設施項目享受企業所得優惠政策問題的補充通知》(財稅[2014]55號)) issued by the Ministry of Finance and the State Administration of Taxation in July 2014.

PROFIT FOR THE YEAR

As a result of the foregoing, our profit for the year increased by 35.6% from RMB5,071.4 million in 2013 to RMB6,874.8 million in 2014.

FINANCIAL POSITION

As at December 31, 2014, the Group’s total assets amounted to RMB156,926.1 million, representing an increase of RMB29,250.9 million or 22.9% from RMB127,675.2 million as of December 31, 2013. The Group’s total liabilities amounted to RMB97,509.8 million, representing an increase of RMB1,526.5 million or 1.6% from RMB95,983.3 million as of December 31, 2013. The Group’s total equity amounted to RMB59,416.3 million, an increase of RMB27,724.5 million or 87.5% from RMB31,691.8 million as of December 31, 2013, among which equity interest attributable to owners of the Company accounted for RMB50,788.6 million, representing an increase of RMB27,736.9 million or 120.3% from RMB23,051.7 million as of December 31, 2013.

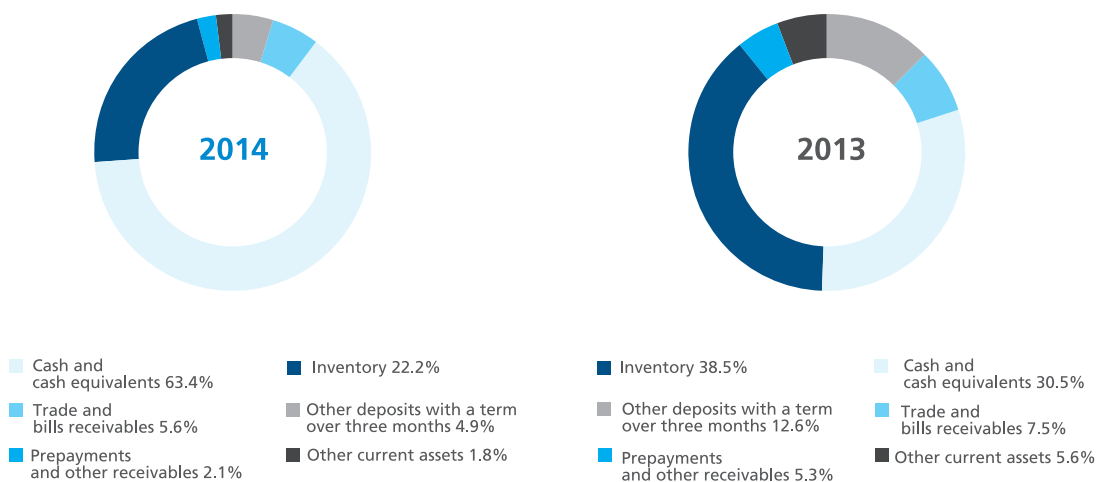
NET CURRENT ASSETS (LIABILITIES)

As of December 31, 2014, the Group’s net current assets was RMB18,590.5 million. As of December 31, 2013, the Group’s net current liabilities was RMB4,701.7 million. The change was primarily due to: (i) a cash contribution of RMB10,123.7 million by the founding members of the Company; (ii) net proceeds of RMB21,603.5 million being raised from the Global Offering of the Company; and (iii) repayment of part of the borrowings and payables for the year.

CURRENT ASSETS

| | As at December 31, | | | Percentage change increase/ (decrease) % |
|-----------------------------------|--------------------|-------------------|--|--|
| | 2014 RMB'000 | 2013 RMB'000 | Movements increase/ (decrease) RMB'000 | |
| Inventory | 9,337,359 | 8,384,295 | 953,064 | 11.4 |
| Trade and bills receivables | 2,346,115 | 1,629,406 | 716,709 | 44.0 |
| Prepayments and other receivables | 873,620 | 1,142,907 | (269,287) | (23.6) |
| Cash and cash equivalents | 26,712,170 | 6,640,318 | 20,071,852 | 302.3 |
| Other deposits over three months | 2,080,900 | 2,752,446 | (671,546) | (24.4) |
| Other current assets | 799,740 | 1,211,419 | (411,679) | (34.0) |
| Total current assets | 42,149,904 | 21,760,791 | 20,389,113 | 93.7 |

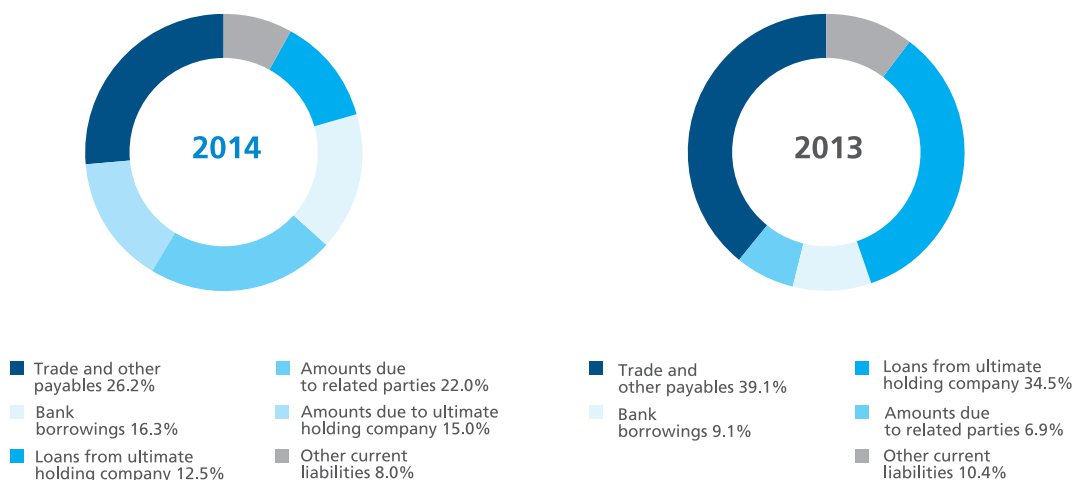
The current assets of the Group were RMB42,149.9 million as of December 31, 2014, representing an increase of RMB20,389.1 million or 93.7% from RMB21,760.8 million as at December 31, 2013, primarily due to the net proceeds of RMB21,603.5 million being raised from the Global Offering of the Company.



CURRENT LIABILITIES

| | As at December 31 | | | Percentage change increase/ (decrease) % |
|-------------------------------------|-------------------|-------------------|---|--|
| | 2014 RMB'000 | 2013 RMB'000 | Movements increase/ (decrease) RMB'000 | |
| Trade and other payables | 6,165,741 | 10,350,079 | (4,184,338) | (40.4) |
| Amounts due to related parties | 5,175,733 | 1,825,040 | 3,350,693 | 183.6 |
| Loans from ultimate holding company | 2,945,000 | 9,131,000 | (6,186,000) | (67.7) |
| Payable to ultimate holding company | 3,530,000 | — | 3,530,000 | — |
| Bank borrowings | 3,837,163 | 2,400,783 | 1,436,380 | 59.8 |
| Other current liabilities | 1,905,736 | 2,755,545 | (849,809) | (30.8) |
| Total current liabilities | 23,559,373 | 26,462,447 | (2,903,074) | (11.0) |

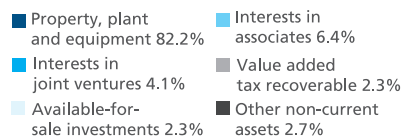
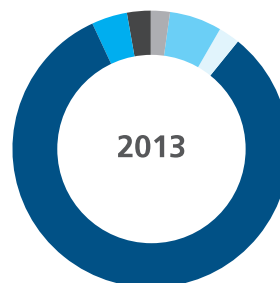
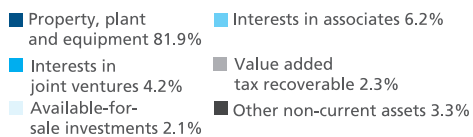
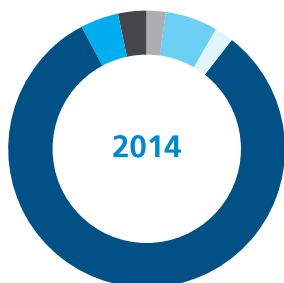
The current liabilities of the Group were RMB23,559.4 million as of December 31, 2014, representing a decrease of RMB2,903.0 million or 11.0% from RMB26,462.4 million as of December 31, 2013, primarily due to the part repayment of loans from ultimate holding company and payables for the year. The payable to ultimate holding company of RMB3,530.0 million was the amount for medium-term notes which will mature in July 2015. Increase of amounts due to related parties is mainly due to the fact that pursuant to the Shareholders' resolution passed on September 17, 2014, the special dividend amounting to approximately RMB3,688.1 million was declared, which equals to the retained earnings accrued during the period from March 25, 2014 to the Listing Date, to CGNPC, Hengjian Investment and CNNC, being the Shareholders of the Company before listing. Such dividend has not yet been paid.



NON-CURRENT ASSETS

| | As at December 31, | | | Percentage change increase/ (decrease) % |
|---------------------------------|--------------------|--------------------|---|--|
| | 2014 RMB'000 | 2013 RMB'000 | Movements increase/ (decrease) RMB'000 | |
| Property, plant and equipment | 93,982,972 | 87,041,894 | 6,941,078 | 8.0 |
| Interests in associates | 7,062,093 | 6,729,540 | 332,553 | 4.9 |
| Interests in joint ventures | 4,831,016 | 4,363,726 | 467,290 | 10.7 |
| Available-for-sale investments | 2,403,648 | 2,475,071 | (71,423) | (2.9) |
| Value-added tax recoverable | 2,674,502 | 2,384,560 | 289,942 | 12.2 |
| Other non-current assets | 3,821,948 | 2,919,589 | 902,359 | 30.9 |
| Total non-current assets | 114,776,179 | 105,914,380 | 8,861,799 | 8.4 |

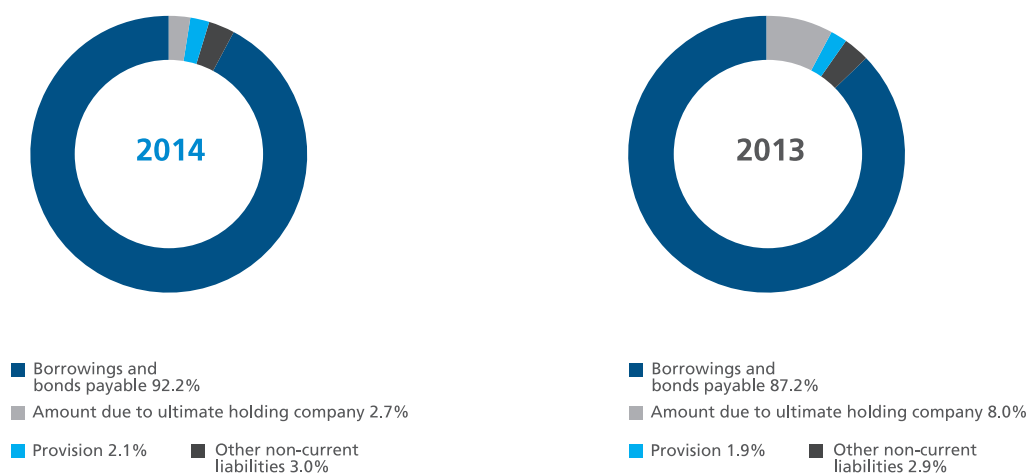
The non-current assets of the Group were RMB114,776.2 million as at December 31, 2014, representing an increase of RMB8,861.8 million or 8.4% from RMB105,914.4 million as at December 31, 2013.



NON-CURRENT LIABILITIES

| | As at December 31, | | | Percentage change increase/ (decrease) % |
|--------------------------------------|--------------------|-------------------|---|--|
| | 2014 RMB'000 | 2013 RMB'000 | Movements increase/ (decrease) RMB'000 | |
| Borrowings and notes payable | 68,199,890 | 60,721,330 | 7,478,560 | 12.3 |
| Payables to ultimate holding company | 2,000,000 | 5,530,000 | (3,530,000) | (63.8) |
| Provision | 1,526,003 | 1,286,493 | 239,510 | 18.6 |
| Other non-current liabilities | 2,224,537 | 1,983,068 | 241,469 | 12.2 |
| Total non-current liabilities | 73,950,430 | 69,520,891 | 4,429,539 | 6.4 |

The non-current liabilities of the Group were RMB73,950.4 million as at December 31, 2014, representing an increase of RMB4,429.5 million or 6.4% from RMB69,520.9 million as at December 31, 2013. The amount due to ultimate holding company was RMB2,000 million, representing a decrease of RMB3,530.0 million from RMB 5,530.0 million as at December 31, 2013 due to the reason that the amount for medium-term notes which will mature in July 2015 has been adjusted as an item under current liabilities.



TOTAL EQUITY

As at December 31, 2014, the Group's total equity amounted to RMB59,416.3 million, representing an increase of RMB27,724.5 million or 87.5% from RMB31,691.8 million as at December 31, 2013 primarily due to the net proceeds of RMB21,603.5 million being raised from the Global Offering of the Company.

CAPITAL EXPENDITURE

The capital expenditure of the Group was RMB9,887.4 million in 2014, representing a decrease of RMB592.6 million or 5.7% from RMB10,480.0 million in 2013. It was primarily used for the construction of Yangjiang Nuclear Power Station. The capital expenditure was mainly funded by internal resources, bank borrowings, and borrowings from other financing sources.

MAJOR INVESTMENTS

For the year ended December 31, 2014, the Group increased its capital of RMB627.1 million in associates and joint ventures, among which RMB366.2 million and RMB103.3 million were made to Ningde Nuclear and Hongyanhe Nuclear, respectively.

MATERIAL ACQUISITION AND DISPOSAL

MATERIAL ACQUISITION

No material acquisition was carried out by the Group in 2014.

Pursuant to the Equity Transfer Agreement entered into between CGNPC and us on October 30, 2014, we are in the process of acquiring from CGNPC 12.5% equity interest in Taishan Nuclear and 60% equity interest in Taishan Investment, representing an aggregate 41% equity interest in Taishan Nuclear. Taishan Nuclear, in which we are now holding 10% equity interest, is currently constructing two nuclear power generating units with a total capacity of 3,500MW.

DISPOSAL OF YANGJIANG SITE DEVELOPMENT CO., LTD.

The Group disposed of its 70% equity interest in Yangjiang Site Development Co., Ltd. (hereinafter referred to as “Yangjiang Site Development”) in 2014. Yangjiang Site Development is principally engaged in property development, while our Group is focused on nuclear power business. Given the principal business of Yangjiang Site Development is fundamentally different from that of our Group in nature, after the establishment of the Company and pursuant to our strategy of maintaining and focusing on our core business, we disposed of our interest in Yangjiang Site Development to CGN Services Group Co., Ltd. (中廣核服務集團有限公司) for a consideration of RMB311.92 million, which was determined with reference to the valuation of Yangjiang Site Development as at December 31, 2013, the valuation date, appraised by Shenzhen Gongpingheng Asset Valuation Co., Ltd. (深圳市公平衡資產評估有限公司), an independent valuer. After the completion of such disposal, Yangjiang Site Development ceased to be a subsidiary of the Company on August 8, 2014.

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 after deducting various issuance costs. As at December 31, 2014, the Group had not used the proceeds from the Global Offering of the Company.

CONTINGENCIES

EXTERNAL GUARANTEES

The Group provided guarantees for bank borrowings of Taishan Nuclear. If Taishan Nuclear fails to repay borrowings as they fall due, the creditors may exercise the rights of pledge against the Group for settlement.

PLEDGE OF ASSETS

As at December 31, 2014, the carrying value of the Group's assets pledged to banks and related parties was RMB23,056.5 million, which was used to secure loans for the Group. As at December 31, 2013, the carrying value of the Group's assets pledged to banks and related parties was RMB22,095.2 million.

As at December 31, 2014 and 2013, the rights for electricity charges of Lingdong Nuclear, Yangjiang Nuclear and Ling'ao Nuclear were pledged to secure the banking facilities, loans from banks and related parties.

LEGAL PROCEEDINGS

The Group confirmed that there was no material litigation, and it is not aware of any pending or threatened litigation against the Group which had or could have a material and adverse effect on the financial condition or results of operations of the Group during 2014.



Capitals

- 40 Production Capital
- 44 Intellectual Capital
- 50 Human Capital
- 58 Financial Capital
- 63 Environmental Capital
- 66 Social and Relationship Capital

Production Capitals

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.

40
capitals

As of December 31, 2014, we operated 11 nuclear power generating units with a total installed capacity of 11,624MW. We also managed the construction of 9 nuclear power generating units and were acquiring 2 nuclear power generating units under construction which, upon completion, are expected to increase the total installed capacity we operate and manage by approximately 13,346MW to approximately 24,970MW.



Nuclear power units in operation

11 units

Daya Bay Nuclear Power Station Units 1 and 2

Ling'ao Nuclear Power Station Units 1 and 2

Lingdong Nuclear Power Station Units 1 and 2

Yangjiang Nuclear Power Station Unit 1

Ningde Nuclear Power Station Units 1 and 2

Hongyanhe Nuclear Power Station Units 1 and 2

● Nuclear power units in operation

○ Nuclear power units under construction

▲ Nuclear power units being acquired



Nuclear power units under construction

9 units

Yangjiang Nuclear Power Station Units 2, 3, 4, 5, 6

Ningde Nuclear Power Station Units 3 and 4

Hongyanhe Nuclear Power Station Units 3 and 4



Nuclear power units proposed to be acquired

2 units

Taishan Nuclear Power Station Units 1 and 2

●●●●
Hongyanhe Nuclear Power Station

●●●●
Ningde Nuclear Power Station

●●●●●●
Daya Bay Nuclear Power Station
Ling'ao Nuclear Power Station
Lingdong Nuclear Power Station

▲▲
Taishan Nuclear Power Station

●●●●●●
Yangjiang Nuclear Power Station

Yangjiang ●
Nuclear Power Station Units 1-6

Located in Yangjiang City of Guangdong Province, Yangjiang Nuclear Power Station has 6 nuclear power generating units. As of December 31, 2014, Unit 1 was a unit 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 4 of Hongyanhe Nuclear Power Station

Located in Dalian City of Liaoning Province, Hongyanhe Nuclear Power Station has four nuclear power generating units. Units 1 and 2 are units in operation with single-unit installed capacity of 1,119MW, while Units 3 and 4 are still under construction. All four units use CPR1000 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. Units 1 and 2 are units in operation with single-unit installed capacity of 1,089MW, while Units 3 and 4 are 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 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 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 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, building installation and construction, 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 single-unit installed capacity of 1,087MW and using CPR1000 technology. Ling'ao 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 single-unit installed capacity of 1,750MW and using EPR technology. Taishan Nuclear Power Station is constructed by joint investment of China and France using EPR technology which is a third generation advanced PWR nuclear power technology.

Management Strategies

Since the Daya Bay Nuclear Power Station started operation, our 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 “standardization, specialization, and centralization” 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. Here, we mainly elaborated on the Company’s benchmarking and “standardization, specialization and centralization” management.

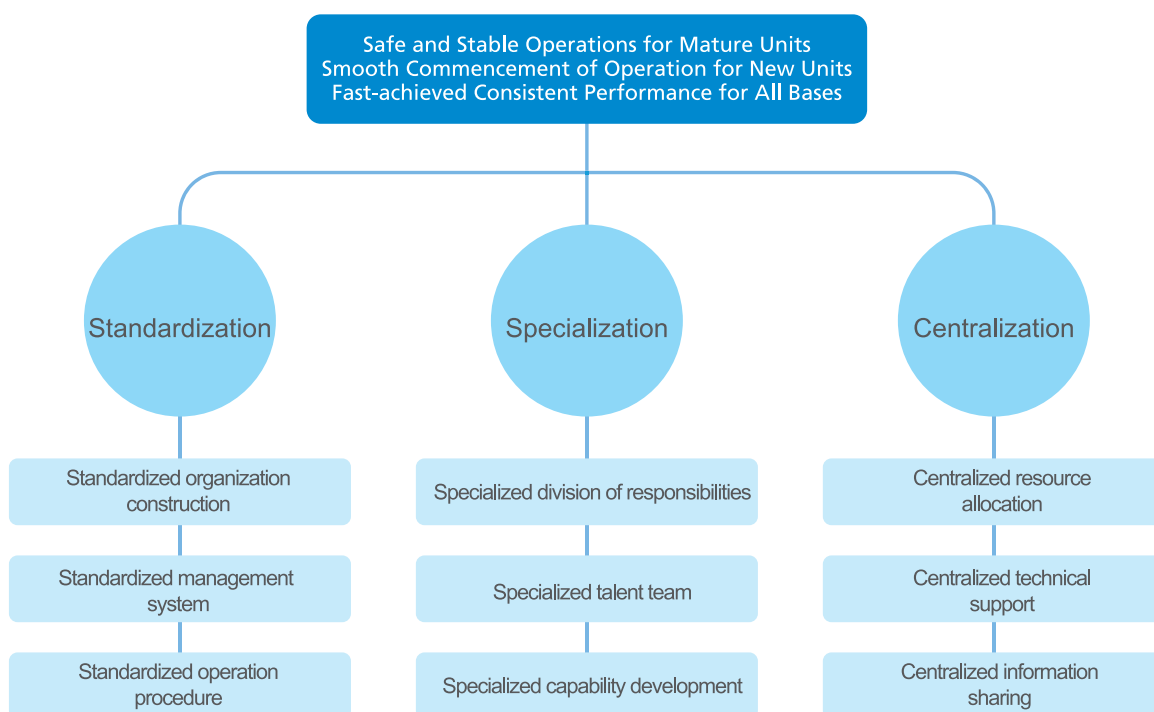
Benchmarking

Our benchmarking is divided into three levels, namely, internal benchmarking, peer benchmarking and international benchmarking. Internally, we conduct historical comparison of selected indicators, seek continuously to surpass indicators, and promote internal best practices. Among peers, we make comparison and analysis of similar indicators of the best benchmarks in the field of domestic and international nuclear power operation, seek the best practices, analyze the differences and implement improvements to enhance our own performance and capacity. Globally, we mainly choose the best practices with similar processes and elements for comparison, and then optimize and improve critical business processes.

Over the years, we continued to carry out benchmarking against WANO’s 9 key performance indicators, analyse the gaps between our indicators and advanced level indicators, and take corresponding improvement initiatives and corrective actions, thus continuously enhancing the operating performance of the power stations. In 2014, our mature units have 57% of their WANO indicators (31 indicators) reaching the world’s top decile level; and new units have 53% of their WANO indicators (24 indicators) reaching the world’s top quartile level. Through benchmarking against mature units of international nuclear power companies, we have further enhanced our level of equipment reliability management and promoted the continued optimization of outage period. Further, through studies of benchmarking against benchmark enterprises, we have further strengthened the ability of scientific and technological enhancement, and pushed forward a series of scientific and technological projects such as promoting refueling outage optimization, research on long refueling cycle, equipment operation reliability and life assessment studies, hence laying a solid foundation for increase of output and the long-term reliable operation of equipment.

Standardized, Specialized and Centralized 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 “standardization, specialization and centralization” management. We have learned from the management models and successful experience of international peers. For standardization, we implemented standard organization and allocation at each nuclear power station, adopted a unified management system, followed standard operating procedures during work, and achieved the rapid replication and promotion of good management practices. Regarding specialization, supported by CGN Operations, CNPRI and Suzhou Nuclear Power Research Institute, the Company has set up five specialization centers including the operation standardization center, the outage center, the spare parts center, the technical center and the training center, to promote specialization services of the related fields. Regarding centralization, we implemented inter-plant horizontal professional management and established inter-professional co-ordination, planning and resource allocation mechanisms for building a multi-site management model.

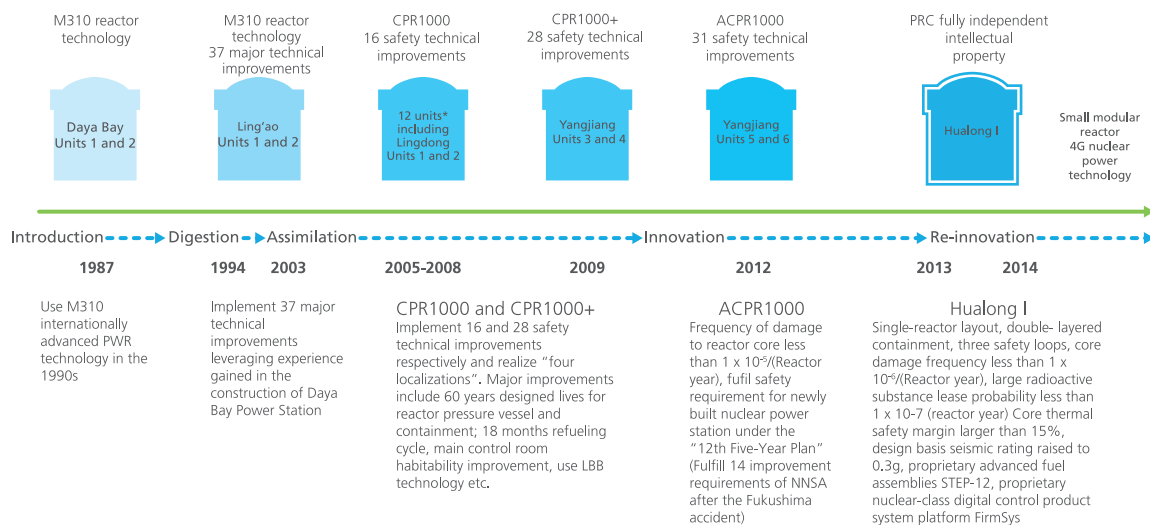


Intellectual Capital

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” (“引進, 消化, 吸收, 創新”), 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 and Yangjiang Units 1 and 2

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 also actively participate in the research and development of Hualong I, a third-generation nuclear power technology of proprietary intellectual property jointly developed by the CGNPC and CNNC. On the foundation of inherited mature technologies, Hualong I is designed by duly considering the safety improvement measures implemented in response to the Fukushima accident, and is fully competitive in terms of maturity and safety. The independent development of Hualong I has laid the technical foundation for subsequent nuclear power development of the Company.

Meanwhile, to meet the demand for supply in the development of marine energies, we have also been independently developing marine small modular reactors ACPR50S for nuclear power plant which has advantages such as being more economically competitive, efficient, lower requirement for fuel supply, stable and reliable as compared with conventional marine energy sources, and has become an important choice for distributed marine integrated energy systems. In addition, we have also participated in the research and development of the fourth generation reactor technology for the longer term.

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. Currently, we have over 1,600 R&D staff.



National Energy NPP Nuclear Classified Equipment R&D (Experiment) 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.

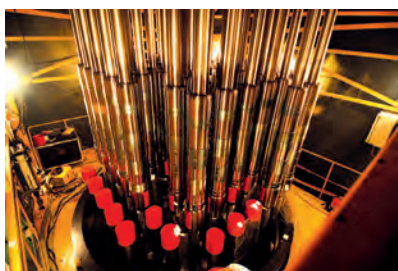
Research and Development of Key Technologies

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 a number of technological innovations, including a complete gigawatt-level model nuclear power generating unit; specialized robots for operating nuclear reactors; a nuclear power station fuel transportation and storage system; a nuclear power station control rod system; emergency diesel generating units, sump filters, and the 18-months refueling technology. The following table shows some of the R&D results.

| Name of Technology/ Equipment | Description of Technology | Results Achieved |
|---|--|---------------------------------|
| Simulator for teaching and training purpose of nuclear power plants  | <ul style="list-style-type: none"> • A series of simulator products developed with reference to various types of nuclear power plants, which can realistically simulate all kinds of operating parameters and changes in equipment conditions during the operation of nuclear power plants as well as various actual or hypothetical instantaneous conditions and accident conditions, and can satisfy training and licensing tests for operators of nuclear power plants and emergency drill support of nuclear power plants as well as requirements for technical training and scientific research of nuclear safety regulatory departments, R&D institutions and colleges and universities. • Successful development of the product has broken the monopoly of foreign technology as its major performance indicators has met or exceeded national and international industry benchmarks with its technology reaching international advanced level. Such achievement has been awarded the Third Prize of National Award for Energy Science and Technology Progress (國家能源科技進步三等獎) and the Third Prize of Beijing Science and Technology Award (北京市科學技術三等獎). • The product has been successfully applied to Ningde Nuclear Power Station, Yangjiang Nuclear Power Station, Fangchenggang Nuclear Power Station, Huaneng Shandong Shidaowan High Temperature Gas Cooled Reactor Nuclear Power Station, Xiamen University Principle Simulator Project and Northeast Dianli University Principle Simulator Project, and will later be applied to Yangjiang Units 5 and 6. | Enhanced reliability economy |

| Name of Technology/ Equipment | Description of Technology | Results Achieved |
|--|--|-------------------------|
| <p>Nuclear power station fuel transportation and storage system (PMC)</p> | <ul style="list-style-type: none"> The product has resolved the technology bottleneck of localization with fully proprietary intellectual property rights, and its major performance indicators have met and partly surpassed international advanced technology level. The product has been successfully applied to the skill training center of Daya Bay Base and nuclear power projects such as Fangchenggang Nuclear Power Station, Ningde Nuclear Power Station, Hongyanhe Nuclear Power Station and Yangjiang Nuclear Power Station. | <p>Enhanced economy</p> |
| <p>Gigawatt-level PWR nuclear power station rod position indicating and rod control system</p> | <ul style="list-style-type: none"> The nuclear power station rod position indicating and rod control system (RGL) is one of the most important instrumentation and control systems of the nuclear island. Its main function is to improve, insert or maintain control rod based on changes in power grid load to adjust core activity, so as to control core temperature and nuclear power. This system also has functions such as reactor actuating, normal shutdown and emergency shutdown in case of accidents. The product has fully proprietary intellectual property rights. Over 10 innovative technologies were created in areas such as circuit design, software development, structure design and system integration with complete realization of self-reliance and localization, and its overall performance indicators have met international advanced technology level. This product has been successfully applied to the control rod operating test of the skill training center in Daya Bay Base, and the supply contract of rod position indicating and rod control system in relation to Yangjiang Units 5 and 6 has been entered into. The control rod drive mechanism (CRDM) current online monitoring and diagnose system has been applied to Daya Bay Nuclear Power Station, and it will also be applied to Ling'ao Nuclear Power Station in 2015. | <p>Enhanced economy</p> |



| Name of Technology/ Equipment | Description of Technology | Results Achieved |
|--------------------------------------|---|-----------------------------------|
| Emergency diesel generating units | <ul style="list-style-type: none"> Emergency diesel generating units as emergency power source of power stations are important equipment to ensure the safe operation of reactors. Starting from 2008, CNPRI in conjunction with a domestic company have carried out localized development of emergency diesel generating units. The development was successfully completed with the signing of a long-term cooperation agreement in 2011, and we were awarded a "Nuclear Safety Level Permit for Design of Emergency Diesel Generating Unit" by the NNSA in 2013, which also marked that we have the qualification and ability for designing emergency diesel generating units. Successful development of the product has secured the core technology of emergency diesel generating units and broken the monopoly of foreign technology. The project design and supply contract regarding the Shandong Shidaowan High Temperature Gas Cooled Reactor emergency diesel generating unit has been entered into. We fully possess the ability of supplying complete sets of emergency diesel generating units for nuclear power plants under construction, and has the ability to undertake subsequent projects for supplying complete sets of emergency diesel generating units for generating units such as the CPR1000, EPR and ACPR1000 generating units. | Enhanced economy |
| 18-month refueling technology |  <ul style="list-style-type: none"> Capacity factor of the unit can be significantly improved through lengthening the fuel cycle and time of the unit, thus increasing on-grid power generation. Decreased outage frequency lowers average outage cost. Reduced neutron flux in the reactor pressure vessel enables life extension of the pressure vessel. Due to decreased outage frequency, production of solid waste is reduced accordingly, thereby reducing processing costs for low and medium level emission solid wastes; in addition, levels of radiation exposure suffered by nuclear power station staff will also fall. The technology has been applied to 6 units at Daya Bay Base, and Units 1 and 2 of Ningde Nuclear Power Station. | Enhanced economy and safety |

Intellectual Property Rights

Technical improvements and innovations not only can enhance the operation and safety standards of nuclear power plants, during the course of technology research and development, they have also brought us with a number of achievements of intellectual property rights which we believe will enhance our competitiveness.

Statistics of our intellectual property rights from 2011 to 2014

| 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 |
| Total | 457 | 385 | 2 | 140 | 371 | 2 | 182 | 17 |

In 2010, one of our patents “A controlling system and its monitoring methodology along with the subsystem at the nuclear power generating unit (一種核電機組的控制系統及其監控方法和子系統)”, owned by DNMC, was granted the 12th China Patent Gold Prize by the State Intellectual Property Office. In 2014, one of our patents “An accident monitoring system and methodology for nuclear power station units (一種核電機組的事故監控系統及其監控方法)”, owned by CGNPC and DNMC, was granted the 14th China Patent Gold Prize.

Outlook

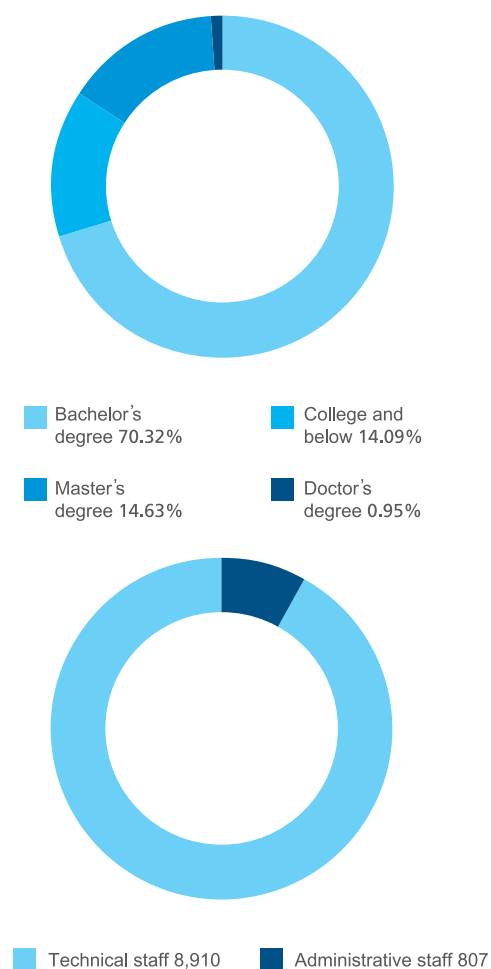
Looking forward, we will continue to promote accumulation and construction of intellectual capital with enhanced competitiveness and development capacity as our fundamental objective. In the technical aspect, we together with the Controlling Shareholders will remain committed to the R&D of more safe and economical reactor types to gain the initiative in the selection of nuclear power reactor types in the future. In the R&D of key technologies, we will continue to carry out R&D of key technologies and major equipment of nuclear power plants with improved safety, reliability and economy. We will strengthen construction of scientific research platforms, enhance the training and recruitment of scientific talents, and provide reasonable funding for smooth implementation of the above plans.

Human Capital

We always focus on how to make reasonable use of and maintain the human capital of the Company, including through implementation of recruitment plan and employee training plan, to ensure provision of talents for the on-going healthy development of the Company. We strive to implement strategies that emphasize the significance of talents as a driving force for enterprise growth, adhere to high-end leading, and continue to improve our human resources development and management system. We have cultivated a team of outstanding management and technical personnel. As of December 31, 2014, we had 9,717 employees (including our affiliated companies).

Talent force

Employee structure



Recruitment of Talents

To meet the need of the Company's future development 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 2014, the Company recruited a total of 1,324 talents, of which 1,084 were recruited from 146 colleges and universities in the PRC through on-campus recruitment and 240 were recruited through general hiring. The introduction of these talents has ensured the smooth launch of all businesses of the Company.

Employment Mechanism

Development Paths

We respect the contribution made by each employee, highly 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.

Internal Market

The Company does not encourage employees to swap their jobs too frequently. However, to bring into full play the abilities and potentials of employees, 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.

Appraisal System

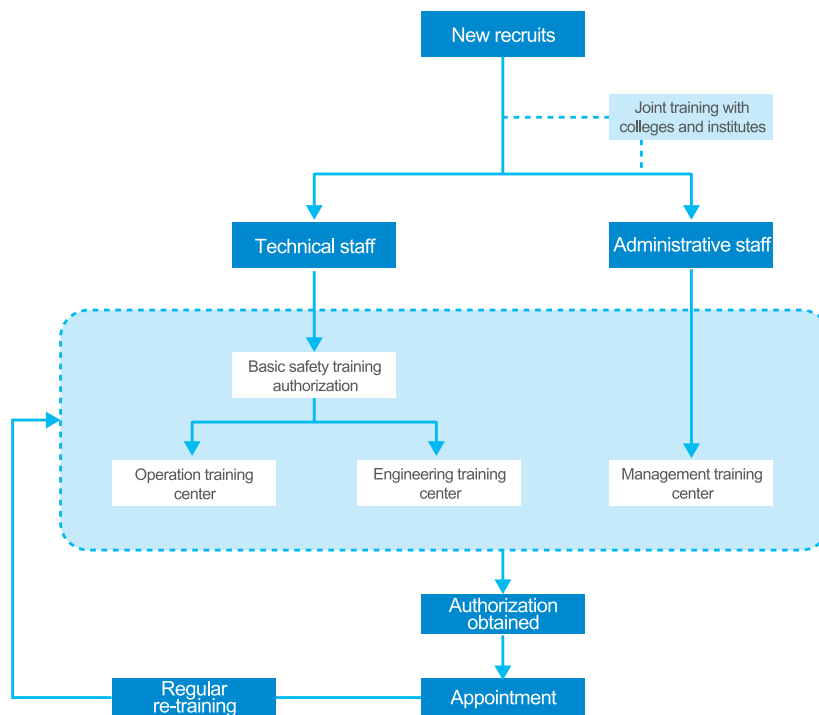
The Company is committed to the creation of a high performance organization. We improve employee organizational performance through attention to enhancement of abilities, performance achievement and development of employees to ensure achievement of all objectives of the Company and promote the joint 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

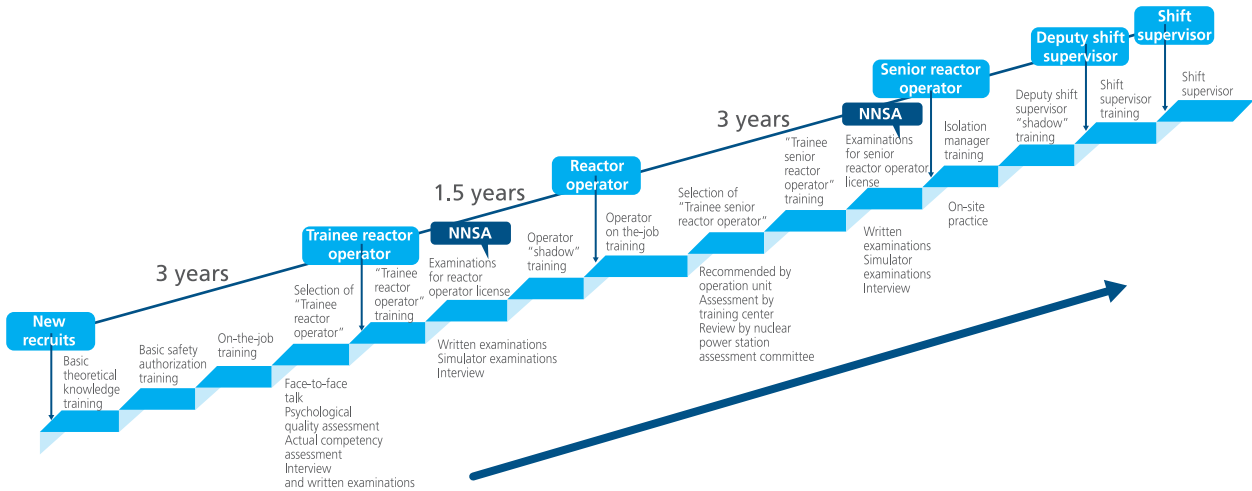
Through implementing international advanced experience in personnel training, combined with our development characteristics, we have developed our personnel training system as well as standardized and efficient training management system with “entire staff training, authorized employment, life-long education” as the core concept. 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 2014, the average hours per employee in the Company records 113 hours.

Personnel Training System

The Company entered into joint personnel training agreements with a number of universities, pursuant to which some of the new employees received specialization courses during their university education. The Company has operation training center, engineering training center and management training center, with “training, assessment, authorization, appointment” as the basic procedures, which have defined the training system for all employees.

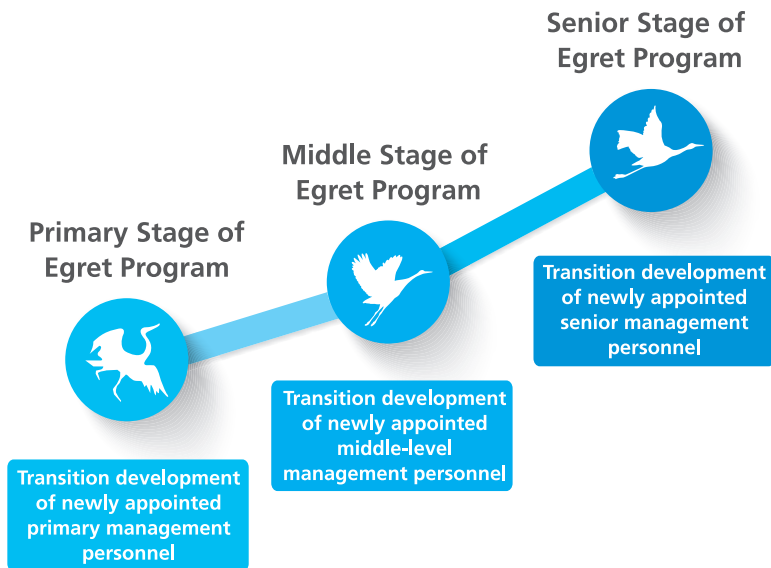


Training of nuclear power reactor operator is the most important element in nuclear power personnel training. According to the relevant requirement of the Regulations of the People’s Republic of China on the Safety Supervision and Administration of Civil Nuclear Facilities (《中華人民共和國民用核設施安全監督管理條例》), operators* 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. The diagram below shows our training process for reactor operators.



* Holders of the Operator Licenses are qualified to engage in the operation of control systems for nuclear facilities and holders of the Senior Operator License are qualified to engage in the operation of control systems for nuclear power facilities or to direct or oversee others in doing so.

The development of management and operation talents is conducted mainly through the “Egret Program (白鷺計劃)” (see diagram below), which comprises a series of transition training projects.



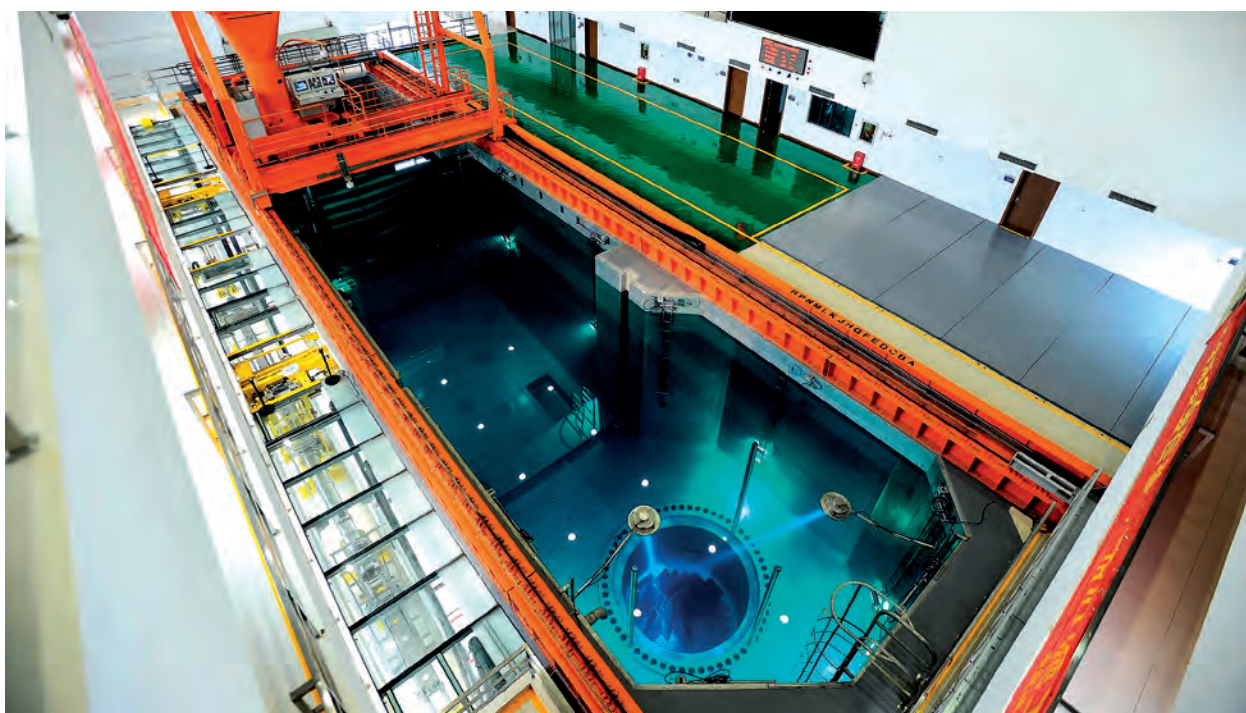
Training Resources

The Company attaches great importance to the construction of professional staff training facilities. For training of nuclear reactor operators, we have two simulators for principles, two stimulators for functions, nine full-scope simulators, one simulator for accident analysis, one full-scope simulator for serious accident analysis and three reactor operator self-training platforms. For other operation techniques, we have 50 skills training room with a total area of about 12,000 square meters, covering six maintenance areas and seven professional skills, which can carry out more than 100 training items.



The full-scope simulator training site at Lingdong Nuclear Power Station.

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.



The nuclear fuel operation training centre.

Human Capital

As of the end of 2014, the Company had a total of more than 7000 face-to-face training courses and over 750 E-learning courses. Through studying these courses together with practices, employees have enhanced their knowledge and capabilities. In particular, we would highlight the “Human factor tool card and human error reduction training course (人因工具卡及防人因失誤訓練系列課程)”. This course represents an innovative practice of human error reduction management by the Company in nuclear power operation, and realizes integration of human error reduction concepts into real practices. The products of this course include human factor reduction six tool cards and a series of human error reduction training courses and training facilities. Through experiential practices and trainings, students can have deeper understanding in common human factor traps duration their work, and their working habits are strengthened and improved, thereby reducing human errors. Through the trainings, employees’ awareness of safety culture is enhanced and onsite operating process has become more normative with good effects.

We encourage our employees to share their accumulated experience by acting as part-time teachers to enrich our training resources. Currently, we have 1,838 part-time teachers. In 2014, the average teaching hours of management cadres was 8.9 hours.

Achievement of Talent Cultivation

Training of Reactor Operators and Fuel Operators

As of the end of 2014, the Company (including affiliated companies) had 352 reactor operators and 428 senior reactor operators holding valid licenses, of which a total of 102 and 138 licenses for operators and senior operators, respectively, were obtained by employees of the Company (including affiliated companies) in 2014.

In February 2014, the first certification examination for training and qualification of nuclear fuel operators was carried out in the training center for nuclear fuel operation of the Company, marking the end of the history when nuclear fuel operators must be sent to foreign countries for training. As of the end of 2014, the Company had 42 employees who had participated in training and passed the certification examination.

Cultivation of Operation and Management Staff

Since the implementation of the Egret Program, a total of 332 primary level managers have participated in the Primary Stage, 176 middle level managers have participated in the Middle Stage, and 15 operations senior management staff have participated in the Senior Stage Program, details of which in 2014 are as follows:

| Name of Project | Target for Training | 2014 Number of Staff Participated in the Training |
|--------------------------------|---------------------------------------|--|
| Primary Stage of Egret Program | Primary level managers | 252 |
| Middle Stage of Egret Program | Middle level managers | 90 |
| Senior Stage of Egret Program | Operations senior management staff | 15 |

Cultivation of Talents for Globalization Development

Due to the need for talents for our future globalization development, the Company has also successively selected 35 business core staff and sent them to study abroad, creating a talent pool for the Company to conduct the international nuclear power business in the future.

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 State 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 also maintained social insurance, supplemental medical insurance and enterprise annuity for its employees, with 100% social security coverage. The Company also encourages its employees to make reasonable arrangement for their holidays, and has formulated the leave management system and implemented paid leave policy according to State laws and regulations as well as its own actual situations.

Occupational Health Management

We are highly concerned about our employees' occupational health. The Company has established a comprehensive occupational safety protection system in strict compliance with state requirements in relation to occupational health and safety. All nuclear power stations of the Company have set up specific bodies in charge of occupational health management and obtained the OHSAS18000 occupational health and safety management system certification.



- Identification and management of occupational hazard factors.** We control occupational health risks through identification and assessment of the occupational health hazard factors during the process of various operations. We manage the exposures and hazard factors in different level and adopt a series of measures and means such as technologies, management and individual physical protection to protect employees' health and safety. The occupational hazard factors of nuclear power stations can be broadly categorized into radioactive occupational hazards and non-radioactive occupational hazards, among which, the radioactive occupational hazards are the characteristics of nuclear power stations and also the focus of our attention and management.
- Full participation and proactive prevention.** The Company emphasizes on the full participation and proactive prevention in respect of occupational health and focuses on continuous control and improvement of the occupational health management level. The Company actively monitors the occupational hazards and protects and improves employees' health and safety through in-house monitoring and assessment of occupational health and safety risks during the ordinary course of operation to take control measures on a timely basis in the principle of elimination, isolation, reduction and individual protection. Premises where there are occupational health hazards are equipped with protective equipment such as ear protectors, protective overall and shoes, and working hours limit is regulated according to occupational hazard assessment.
- Professional examinations by external agencies.** The Company engages external agencies to conduct annual occupational health examinations on employees in certain posts, including those posts which are exposed to radioactive materials, noise, high temperature, poisonous chemicals (ammonia) and high atmospheric pressure. Such examinations mainly include examinations conducted before, during and after their offices, and personal health records are maintained. If occupational contraindication and occupational health damages are identified through such examinations, health analysis and adaptability evaluations will then be conducted individually and collectively to ensure employees' state of health is adaptable to their working condition, and targeted interventions will be conducted according to results of such examinations.

- **Promotion, training and warning.** The Company actively conducts activities such as promotion and training on occupational hazard knowledge to advise employees on the type of potential occupational hazards in the process of operation and the relevant protective measures, so that employees understand and possess right protective skills. Meanwhile, warning signs and notices of on-site monitoring results are posted at the relevant operating site. Through such promotion and education, the Company expects to improve employees' self-protection consciousness and abilities and consciously change their unsafe working habits.

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 |
|--|------|------|-------|------|
| Daya Bay Nuclear Power Station | 8.43 | 8.12 | 13.35 | 6.91 |
| Ling'ao Nuclear Power Station | 8.33 | 6.06 | 13.70 | 7.73 |
| Lingdong Nuclear Power Station | 5.67 | 6.59 | 5.66 | 4.10 |
| Yangjiang Nuclear Power Station Unit 1 | — | — | — | 1.02 |
| Hongyanhe Nuclear Power Station | | | | |
| Units 1 and 2 | — | — | 1.11 | 8.08 |
| Ningde Nuclear Power Station | | | | |
| Units 1 and 2 | — | — | 1.27 | 6.06 |

Financial Capital

Currently, the funds required for our operation are primarily cash from operating activities, bank borrowings, bond issuance, Shareholders' cash investment, and proceeds from the Global Offering of the Company in 2014. Our cash requirements mainly include capital expenditures for construction of nuclear power plants and facilities, debt servicing and operating capital requirements.

Our ability of financing depends on a variety of external and internal factors. To obtain financing with more favorable conditions, we need to understand external financing environment and take reasonable financing models and strategies as well as strict measures for debt risk management.

External Financing Environment

In 2014, as the global economy remained weak and emerging economies were still in difficult conditions, there were increasing geopolitical risks and risks of unexpected events while imbalance of growth pattern has not significantly improved.

In the United States, there are decreasing expectations of inflation despite improving economy as a whole. If the Board of Governors of the Federal Reserve System ("Federal Reserve Board") believes that low inflation is due to temporary factors such as decreased price of oil and other energies, it may still raise the interest rate despite relatively low core inflation. Therefore, the market considers that it is more likely for the Federal Reserve Board to raise the interest rate in the second and third quarter of 2015. In the Eurozone, the Euro has begun to come down due to factors such as unsatisfactory economic performance, capital flows and monetary policies, with Euro's exchange rate against U.S. Dollar having fallen more than 12% throughout the year. In January 2015, the European Central Bank decided to expand the asset purchase program which exacerbated the decline of the Euro. It is expected that Euro London Interbank Offered Rate (Libor) for various terms will remain at historic low for some time.

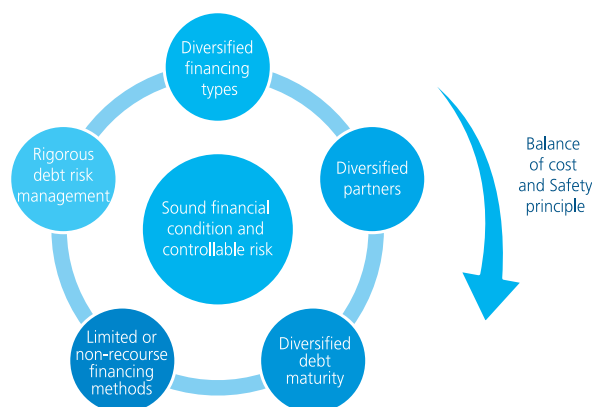
In China, the economy continued a "low growth + low inflation" pattern. Although economic growth still lacks impetus in the short-term, the market

believes that China's economy is still operating within a reasonable range and there was certain positive change of trends with monetary policies getting looser. Based on initial calculation, GDP growth rate for 2014 was 7.4%, a record low since 1990. The People's Bank of China announced an asymmetric interest rates cut on November 22, 2014 to reduce one-year benchmark lending rate of financial institutions by 0.4 percentage points, and decided to cut RMB deposit reserve ratio of financial institutions by 0.5 percentage points on February 5, 2015.

Loosened monetary policies enable the Company to raise the funds needed for nuclear power projects at suitable prices, while volatile foreign currency exchange rates increased our exchange rate risk on maintaining foreign currency debts. We will constantly pay close attention to the trends of the finance markets, actively consider how to deal with internal and external financing risks, and adopt effective precautionary measures to further protect our capital safety, so as to promote our financial soundness and the development of our core business.

Financing Model

Under a complicated and ever-changing financing environment, we have maintained 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 sound capital support.



Diversified Financing Types

We satisfy the long-term capital requirement of investment in nuclear power projects primarily through bank borrowings with reasonable maturity and repayment schedule so as to match with our long-term cash flow return to ensure the overall safety of our debts. The Company's bank borrowings are dominated by long-term and project syndicated loans. From 2012 to 2014, the proportion of long-term bank borrowings to total debt financing was 48%, 61% and 68%, respectively. Meanwhile, we filled in the working capital gap with working capital loans from banks and sufficiently satisfy different types of capital requirements through a combination of diversified financing types such as insurance debt financing and trust financing.

Currently, the Company has three corporate bonds transferred from CGNPC, our Controlling Shareholder, namely: (i) corporate bonds in the amount of RMB4,000 million issued on November 11, 2002 for a term of 15 years; (ii) corporate bonds in the amount of RMB2,000 million issued on December 20, 2007 for a term of 15 years; and (iii) corporate bonds in the amount of RMB2,500 million issued on May 12, 2010 for a term of 10 years.

In addition, the nominal values of two medium-term notes "10 CGNPC MTN1" and "11 CGNPC MTN1" issued by CGNPC are RMB5,700 million and RMB2,500 million. These two medium-term notes are used by the Company and CGNPC, respectively; the Company and CGNPC assumed the debt servicing obligations in respect of the capital of the bonds, respectively, and the Company used and assumed part of these two tranches of medium-

term notes (the corresponding nominal value payable of the bonds is RMB5,530 million) and the issuer remained unchanged. On March 31, 2013, the amounts were changed to payables to CGNPC and CGNPC paid the principal, interest and other related expenses by continuing to act as the issuer of these two tranches of medium-term notes.

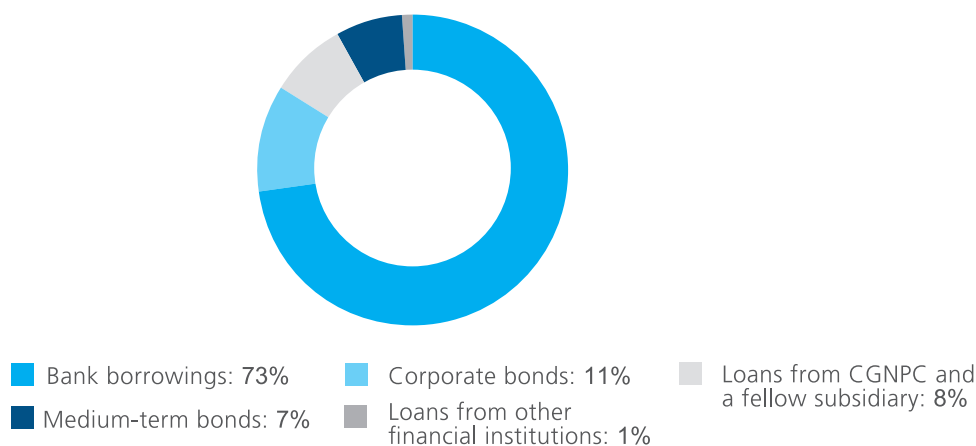
We are a legal entity incorporated in the PRC and are qualified to openly issue debt financing tools. In 2014, China Cheng Xin International Credit Rating Co. Ltd rated our corporate credit rating as AAA with a stable rating outlook. Currently, there are a variety of open bond issue channels available for us to choose, mainly comprising short-term financing bills, medium-term notes and corporate bonds in the PRC to satisfy the requirements of working capital, debt servicing and project capital expenditure. The third extraordinary general meeting of the Company held in 2014 has approved the initial issuance of short-term commercial paper in the amount of no more than RMB5,000 million.

In the future, we will raise capital by issuing debt financing tools such as corporate bonds, convertible bonds, medium-term notes, short-term financing bills according to the development requirement of the Company's business and match different investment requirements inside and outside the PRC by properly utilizing financing tools in the offshore market. However, we fully understand the significant difference in terms of monitoring and risk environment between international and domestic financing, and we need to pay close attention to the balance between policy compliance, financing risks and revenue in the course of financing.

Financial Capital

Diversified financing types enable us to have plenty of options for different types of capital requirements. 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. The Company may increase financing cost under a financing arrangement for the purpose of capital safety, but we will consistently focus on and prevent too much financing cost which will materially impair financial leverage effects.

Analysis for debt balance - by financing channel



Note: Loans from CGNPC and a fellow subsidiary will be set out in detail in the "Connected Transaction" on page 108.

Diversified Partners

We strive to establish and maintain long-term and good business cooperation relationship with financial institutions such as domestic and international medium and large-scale banks, insurance companies, trust companies as well as other creditors. Diversified partners enable us to resist systemic risks and obtain debt financing support in different ways from different partners. Meanwhile, diversified partners allow for certain room of choice for our business. By comparing different options, we can choose better prices and quality of business to maintain reasonable cost of financing. Currently, we have established strategic partnership with major domestic commercial banks and obtained sufficient banking facilities based on business requirements.

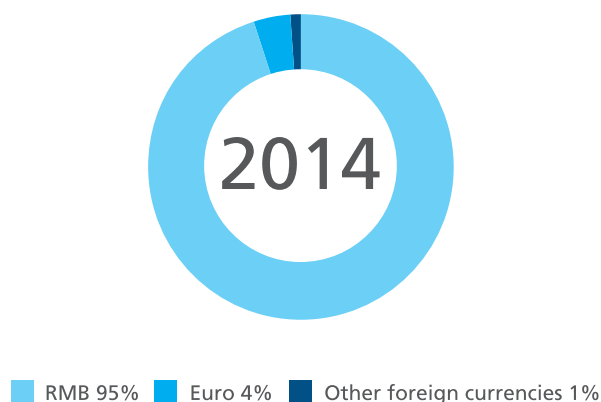
In selecting partners, we usually take into consideration their overall business prices and business quality, and constantly adjust the scope and contents of cooperation by comparing the cooperative effects, while paying attention to adopting featured products from various partners to match different projects and the requirements of different business development stages. We have established effective communication and coordination with the headquarters of major financial institutions and especially have formed good business cooperation with local branches in different regions.

Reasonable Currency and Term Structure

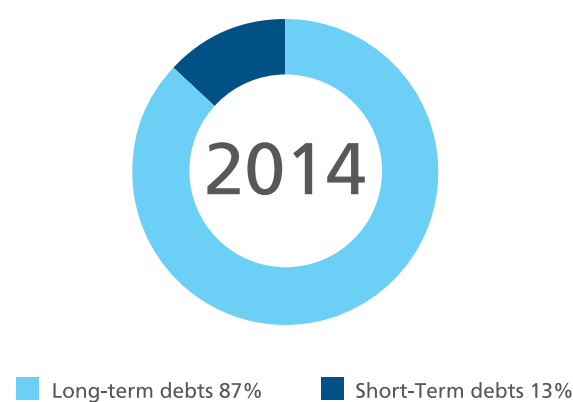
Our debts are primarily denominated in RMB. As of December 31, 2014, our debts denominated in RMB and foreign currencies accounted for approximately 95% and 5% of our debts, respectively. Foreign currencies include, among others, Euro, USD and GBP. As most of our sales income and the procurement expenditures are denominated in RMB, the debt structure mainly in RMB meets our operational features, and allows us to effectively avert systematic exchange rate risks. Foreign currency debts are primarily used to procure equipment and spare parts from overseas markets as well as related services. On the one hand, we pay attention to controlling the size of foreign currency debts; on the other hand, we pay attention to controlling the formation of foreign currency debt exposure through debt hedging transactions.

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. We have set up strict arrangements for debt term in our financing strategies. During the construction period of a project, the balance of its long-term debts (five years or more) is required to be no less than 50% of the total balance of its debts.

Analysis of debt balance - by currency



Analysis of debt balance - by term



Rigorous Debt Risk Management

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 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.

Financial Leverage

We plan to control the Company's gearing ratio at around 70% to 75%. On one hand, we achieve good shareholder returns through proper financial leverage; on the other hand, we closely monitor the gearing ratio to ensure the soundness of our financial condition.

Refinancing Risk

To cope with large-scale concentrated refinancing risks, we usually adopt repayment by installment in steps.

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 reducing the effect of cash flow fluctuations. Our management monitors the use of our bank borrowings and loans from/to connected companies to ensure an adequate unutilized bank credit line.

As at December 31, 2014, we had an undrawn general bank credit line of over RMB40 billion and cash and cash equivalents of RMB26,712 million. Meanwhile, based on the sound financial conditions and credit rating of the Company, we are able to

obtain new facilities from financial institutions for nuclear power project companies newly developed in the future. On the other hand, we also intend to continuously optimize our financing strategies and cash management through adopting concentrated management.

Debt Hedging Transactions

We prudently carry out debt hedging and risk prevention arrangements in order to optimize our debt structure, reasonably control the debt cost, reduce the impact of fluctuations in the financial market on the operational costs, forecast earnings and cash flows of the Company. We insist on the principles of hedging and the prohibition of speculative trading, and that all the debt hedging transactions should be based on the actual debt cash flows or payment commitments in the commercial contracts.

We require operating at "acceptable costs". We target for controlling costs rather than earnings on the basis of the debts and cost acceptability of the Company. Most of the financial derivatives held by us are simple instruments, with the supplement of complex ones, which are only used to hedge financial risks. We also regularly review the position of derivatives, continuously monitor and report various risks, and make timely adjustments according to the expected changes in the market.

Our debt hedging instruments include, among others, foreign currency forward contracts, currency swap contracts and interest rate swap contracts. As of December 31, 2014, we had derivative financial assets of RMB53 million and derivative financial liabilities of RMB362 million.

Maintaining a Good Credit Rating

In 2014, as granted by China Chengxin International Credit Rating Co. Ltd. (中誠信國際信用評級有限責任公司), our credit rating is AAA and the outlook rating is stable. In general, we possess quality nuclear power assets and rich nuclear power operation experience with relatively strong profitability. The Company's clear strategic positioning focusing on nuclear power help us leverage our competitive strengths. With the successive commissioning of nuclear power generating units under construction, the profitability of the Company is expected to be further enhanced. We will also continue to keep good communication with credit rating agencies to maintain the sound credit conditions of the Company.

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 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 law 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.

In respect of reducing waste discharged, we have strived to reduce emissions to the environment through enhanced operation control and guaranteed normal operation of wastes treatment systems. Environmentally friendly materials have been used at work whenever possible to reduce the use of toxic and hazardous substances.

In respect of the rational use of resources, we have effectively combined environmental protection with cost control, implemented such environmental policies in each specific task to formulate and enforce the energy saving plan.



Picturesque Daya Bay Base Area Waters

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 strive to minimize the amount of radioactive waste generated. We have established a set of comprehensive radioactive waste management mechanism which have been integrated into the whole production process of power stations. 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.), 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. The emissions are far lower than national emission standards.

Over 20 years of operation at Daya Bay base area 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 area, 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.



Egrets playing at the side of the groyne of a nuclear power station



The century banyan tree in the base of Daya Bay is exuberant

Environmental Monitoring

The Daya Bay, Yangjiang, Hongyanhe and Ningde 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 a radius of 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.



Environmental engineers are taking soil samples at the Hongyanhe Base

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.

In addition, some external institutions have also carried out monitoring on the environment of nuclear power stations, and their monitoring conclusions showed that the impacts of nuclear power stations on the environment meet the requirements. Since Daya Bay Nuclear Power Station commenced operation, Hong Kong Observatory has been monitoring the radiation level of Hong Kong’s environment and informs the public in Hong Kong of the real-time local ambient radiation level. The conclusions in historical reports showed that there were no circumstances under which artificial radionuclides have increased due to the operation of Daya Bay Nuclear Power Station.

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 base 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 2014, a total of 11 level 0 incidents occurred, which have been disclosed in a timely manner.

We continued to broaden the channels of information disclosure by using innovating means of communication to make it easier for the public to understand nuclear power plant operations. Currently, our channels for information disclosure including:

- portal websites, our official Weibo and Wechat;
- regular press conferences and interviews by invitation. In 2014, the Company and its nuclear power stations convened a total of seven press conferences;
- Notices or reports to regulators, competent authorities and other departments required in the form of oral reports, event sheets and written reports;
- hotlines, facsimile and email for inquiry by the public; and
- publications and printed materials offered for free.



We held a press conference for the commercial operation of Yangjiang Unit 1 at the Yangjiang Base.

Transparent Public Communication

With an open and inclusive attitude, we carry out interactive and experiential communication with the public by multi-channel and in multi-form to help increase the public's knowledge and understanding of our business. Meanwhile, this also enables us to better understand the perceptions and views of the public on us and continuously improve our work.

We take surrounding communities, community organizations, opinion leaders, young people and other groups as the key targets of communication, and strengthen the ties and communication between our Company and all sectors of the community through various ways such as invitation to visits or site-visits in industry tours, regular dialogues, opinion polls and social media. All nuclear power bases of the Company carry out comprehensive communications and dialogues with all sectors of the community, and listen carefully to the comments and suggestions of the public. Starting from 2013, we have set August 7 as the standard "Open Day" of the Company. On August 7, 2014, five public dialogue activities were held simultaneously at all nuclear power bases managed by us. We have invited the SASAC, the NNSA, China Nuclear Energy Association, local government representatives, more than 30 experts, opinion leaders, media reporters, and more than 400 representatives of the public to participate in the activities. For all comments and suggestions they put forward, we have given answers and feedbacks either on-site or after the occasions.

In the nuclear power bases managed by the Company and the surroundings, we have built eight nuclear science exhibition halls which receives more than 200,000 people of the public each year. We have cooperated with leading media and Internet companies to jointly launch a nuclear science network special area, have produced videos and cartoons for nuclear science, and actively interact with the younger generation on nuclear power issues, so as to win their understanding and recognition.

We promote close cooperation with local governments on nuclear power science popularization education to prepare specialized teaching materials, train teachers and incorporate nuclear power knowledge into the formal curriculum of local schools. By the end of 2014, the course of nuclear power science popularization has been extended to 37 schools in three provinces in China, namely Guangdong, Liaoning and Fujian covering nearly 7,500 students.



3,000 young people of Hong Kong visited the the Daya Bay Base.



“The first lesson after the school starts” in the surrounding communities of nuclear power bases.



Ningde Nuclear Power supports the local communities to establish specialized companies for contracting jobs such as tea garden management and protection and landscaping of the nuclear power sites, helping more than 200 local residents to obtain jobs.

Win-win Community Development

Adhering to the policy of “in constructing a power station, drive a region’s economy and benefit the common people there”, the Company promotes nuclear power projects and in the meantime plans with local governments and communities to enhance the economic growth and employment opportunities brought by the nuclear power industry, striving to drive local economic development through developing nuclear power. For years, we always support various public welfares, aiming to contribute to the society.

Drive regional economic growth. The development of nuclear power projects requires a great number of staff for nuclear power plant construction and operation. The arrival of these people can promote the development of daily consumer markets in local communities, and contributed to the sustained growth of hotel and restaurant, transportation, tourism and other tertiary industries in the surrounding areas.

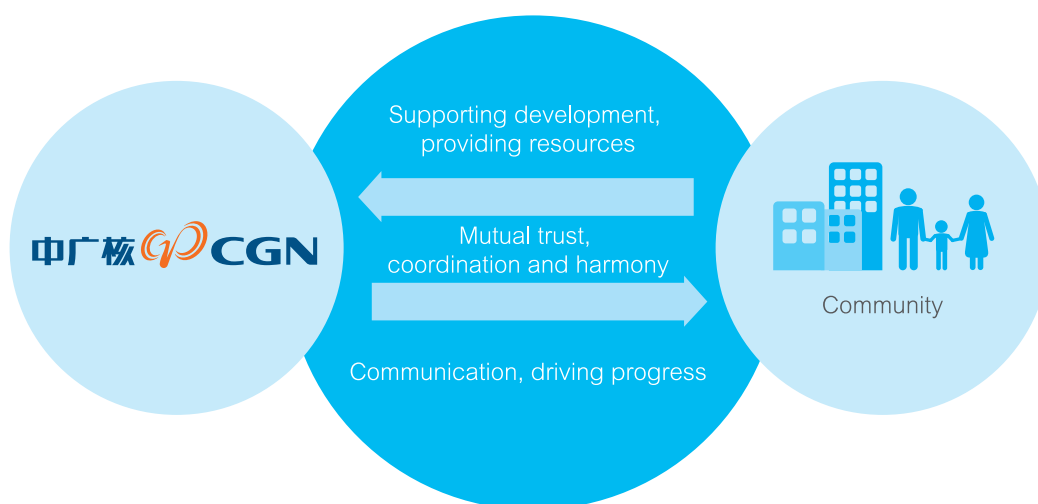
Promote employment of the communities. We fully consider the demands of community residents for employment, and adopt measures such as education, training and other policies to foster local technology and management talents and create more employment positions. These employment measures not only have solved part of the employment issues and facilitate corporate development, but also enhanced cohesiveness of the communities, realizing a “win-win-win” situation among communities, corporations and residents.

Improve infrastructure. Ancillary facilities, such as water, electricity and roads, which provide services for nuclear power projects can also provide services to local communities and residents at the same time. Therefore, we will take full consideration of the demands of local communities in designing and constructing ancillary facilities for nuclear power projects to enable these ancillary facilities to play a greater role in improving the transportation, production and living environment of the communities.

Support culture and education. We care about the development of culture and education and promote education and cultural enhancement of communities. The annual education surcharge we pay to regions where our nuclear power bases are located reach more than RMB 100 million in total.

Conduct public welfare activities. We advocate the spirit of dedication, and our staff provide public services to the society through various forms of services such as voluntary services and charitable donations. In 2014, we had over 5,000 staff volunteers with an attendance rate of participation in public services of over 15,000 person-times and 20,000 hours.

We strive to establish mature, stable and mutual trust relationship with the communities where our nuclear power stations are located, to promote the development and progress of the communities as well as the ongoing improvement and enhancement of the residents' living standard in a "win-win" way.





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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 50, is the Chairman of the Board and a non-executive Director of our Company, and is also a member of the Nomination Committee. He was appointed as our Chairman and non-executive Director on March 24, 2014. Mr. Zhang has more than 30 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 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 China General Nuclear Power Corporation 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 CGNPC in December 2001.

Executive Director



Mr. Gao Ligang (高立剛), aged 49, is the executive Director and President of our Company. He was appointed as our executive Director and President on March 24, 2014. Mr. Gao has more than 26 years of experience in the nuclear power industry. He worked successively as the chairman of the board of directors and general manager at Yangjiang Nuclear Power Co., Ltd. from December 2007 to October 2013. He also served as general manager at 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 special allowance of the State Council. Mr. Gao was accredited as a professorship-level senior engineer by CGNPC in December 2001.

Non-executive Directors



Mr. Zhang Weiqing (張煒清), aged 59, is a non-executive Director of our Company. He was appointed as our non-executive Director on March 24, 2014. Mr. Zhang has more than 13 years of experience in the nuclear power industry. He worked successively as deputy director of the general office, board secretary, assistant of general manager concurrently serving as director of the general office, 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 47, is a non-executive Director of our Company. He was appointed as our non-executive Director on March 24, 2014. Mr. Shi has more than 18 years of experience in finance, accounting, auditing and management in respect of 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 special allowance of the State Council. Mr. Shi was accredited as a senior accountant by the third Assessment Committee of Senior Accountant Qualification of Guangdong Province in December 2003.



Mr. Xiao Xue (肖學), aged 49, is a non-executive Director of our Company, and is also a member of the Remuneration Committee. He was appointed as our non-executive Director on March 24, 2014. Mr. Xiao has more than 30 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 is also the chairman of the board of directors of Guangdong Hengjian Investment Holdings Co., Ltd. and an expert member of the Decision-making and Advisory Committee for Guangdong Provincial Government since May 2012 up to now. Mr. Xiao graduated from 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.



Mr. Zhuo Yuyun (卓宇雲), aged 44, is a non-executive Director of our Company, and is also a member of the Audit Committee. He was appointed as our non-executive Director on March 24, 2014. Mr. Zhuo has more than 20 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 has served as the vice general manager and the chief accountant concurrently of China National Nuclear Power Co., Ltd. (中國核能電力股份有限公司) since December 2011 up to now and the general counsel of China National Nuclear Power Co., Ltd. since February 2014 up to now. Mr. Zhuo graduated from Zhongnan University of Economics and Law (中南財經大學) with a bachelor of economic information management degree 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 CNNC in January 2002.

Independent Non-Executive Directors



Mr. Na Xizhi (那希志), aged 61, is an independent non-executive Director of our Company, and is also the chairman of the Nomination Committee. 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 in 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 43, is an independent non-executive Director of our Company, and is also the chairman of the Remuneration Committee. He was appointed as our independent non-executive Director on March 24, 2014. Mr. Hu is a senior partner and 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 legal counsel for the former Ministry of Railways of the PRC (原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 60, is an independent non-executive Director of our Company, and is also the chairman of the Audit Committee. He was appointed as our independent non-executive Director on March 24, 2014. Mr. Siu has worked in KPMG for approximately 30 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 holds independent non-executive director positions at various listed companies, including Shunfeng International Clean Energy Ltd. (順風國際清潔能源有限公司) (stock code: 1165), 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: 0552), Hop Hing Group Holdings Ltd. (合興集團控股有限公司) (stock code: 0047) and China Huishan Dairy Holdings Co. Ltd. (中國輝山乳業控股有限公司) (stock code: 6863), being companies listed on the Hong Kong Stock Exchange; and GuocoLand Limited (stock code: 197600660W), a company listed on the Singapore Exchange. 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. Li Yourong (李有榮), aged 50, is the Chairman of the Supervisory Committee of our Company. He was appointed as our Supervisor on March 24, 2014. Mr. Li worked successively as researcher, branch manager of the general administration office, and deputy patrol officer of the First Bureau of Administration of Executive Officers of SASAC Enterprises (國資委企業領導人員管理一局) from March 2003 to March 2013, while concurrently acting as deputy secretary of the local Communist Party Commission of Tacheng Prefecture of Xinjiang Uygur Autonomous Region (新疆維吾爾自治區塔城地區) from September 2008 to September 2011. He joined CGNPC in March 2013, served as the chairman of the trade union of CGNPC from August 2013 to June 2014 and served as the director representing ordinary employees of CGNPC from April 2014 to June 2014. Mr. Li has been the head of the disciplinary inspection group of CGNPC since March 2013 up to now. Mr. Li obtained a bachelor of science degree in mathematics from Beijing Normal University (北京師範大學) in July 1987 and graduated as a graduate in political economics from Capital University of Economics and Business (formerly known as Beijing Institute of Economics) in June 1990 and obtained a doctor of economics degree in industrial economics from Renmin University of China (中國人民大學) in January 2002.



Mr. Chen Sui (陳遂), aged 50, is a Supervisor of our Company. He was appointed as our Supervisor on March 24, 2014. Mr. Chen joined CGNPC in March 2006 and worked as deputy general manager of CGN Energy Development Co., Ltd. (中廣核能源開發有限責任公司) from October 2006 to April 2007, and as general manager of CGN Wind Energy Ltd. (中廣核風力發電有限公司) from January 2008 to June 2010. Mr. Chen currently serves as the chairman of the board of directors of each of CGN Wind Energy Ltd. (中廣核風電有限公司), CGN Solar Energy Development Co., Ltd. (中廣核太陽能開發有限公司), CGN Energy Conservation Industry Development Co., Ltd. (中廣核節能產業發展有限公司) and CGN Meiya Power Holdings Co., Ltd. (中國廣核美亞電力控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1811). Mr. Chen obtained a bachelor of engineering degree in liquid rocket engine from the University of National Defense Technologies (國防科學技術大學) in July 1987 and a master of engineering degree in management engineering from Shanghai Jiao Tong University (上海交通大學) in November 1996. Mr. Chen was accredited as a senior engineer by the Senior Professional & Technical Titles Qualification Review Committee of China Energy Conservation Investment Corporation in December 2000.



Mr. Shi Weiqi (時偉奇), aged 48, is a Supervisor representing ordinary employees of our Company. He was appointed as our Supervisor on March 24, 2014. Mr. Shi worked successively as branch manager of the contract and commerce branch under the assets operations department, deputy director and director of the discipline monitoring and audit department at CGNPC from January 2006 to January 2012, and as the director of the audit department of our Company from May 2014 to August 2014. He is currently the deputy general manager of Guangdong Nuclear Investment Co., Ltd. Mr. Shi obtained a bachelor of engineering degree in thermal power of power station from Zhejiang University (浙江大學) in July 1987, a master of engineering degree in industrial engineering from Huazhong University of Science and Technology (華中科技大學) in December 2001 and a master of science degree with major in finance from The City University of New York in the United States in September 2003. Mr. Shi was accredited as a senior engineer by CGNPC in December 2000.

Senior Management



Mr. Gao Ligang (高立剛), aged 49, is the executive Director and President of our Company. He was appointed as our executive Director and President on March 24, 2014. Mr. Gao has more than 26 years of experience in the nuclear power industry. He worked successively as the chairman of the board of directors and general manager at Yangjiang Nuclear Power Co., Ltd. ("Yangjiang Nuclear") from December 2007 to October 2013. He also served as general manager at Guangdong Taishan Nuclear Co., Ltd. (now known as Taishan Nuclear Power Joint Venture Co., Ltd., "Taishan Nuclear") 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 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 59, is the Chief Financial Officer of our 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.



Mr. Shu Guogang (束國剛), aged 50, is the Vice President of our Company and the general manager of the nuclear engineering unit. 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 has also been the general manager of the CGN Engineering since September 2008 up to now. 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 52, is the Vice President of our 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. 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 CGNPC in December 2002.



Mr. Fang Chunfa (方春法), aged 45, is the Board Secretary and general manager of the investor relations department. He was appointed as our Board Secretary on March 24, 2014 and our 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. 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 CGNPC in December 2003.

Note: The age of each of the above-mentioned Directors, members of the Supervisory Committee and Supervisors contained in their respective personal profile is calculated as of December 31, 2014.

Corporate Governance Report

Brief Introduction of 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. We aim to give our shareholders and other business-related parties a direct presentation of our measures in respect of corporate governance, and enhance our corporate governance practice in a gradual manner. CGN Power has, since its inaugural meeting held on March 24, 2014, adopted a series of measures to establish and enhance its corporate governance standards on governance, such as adopting an array of regulatory documents, rules and regulations and procedures, with an ultimate goal to better protect the lawful interests of its shareholders, creditors and other stakeholders.

The contents of the Corporate Governance Code of the Company mainly include: corporate culture and value, corporate governance structure, accountability and auditing, remuneration of Directors, Supervisors

and senior management, communication with shareholders and other business-related parties etc. 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 the period from the Listing Date to December 31, 2014, the Directors were of the views that 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. We intend to publish such reports in the form of quarterly brief reports on production and operation and significant events. 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 annual reports and our company website.

The Corporate Governance Code of the Company is in compliance with all code provisions of the Hong Kong Stock Exchange Code and exceeds the recommended best practices in the Hong Kong Stock Exchange Code in the following aspects:

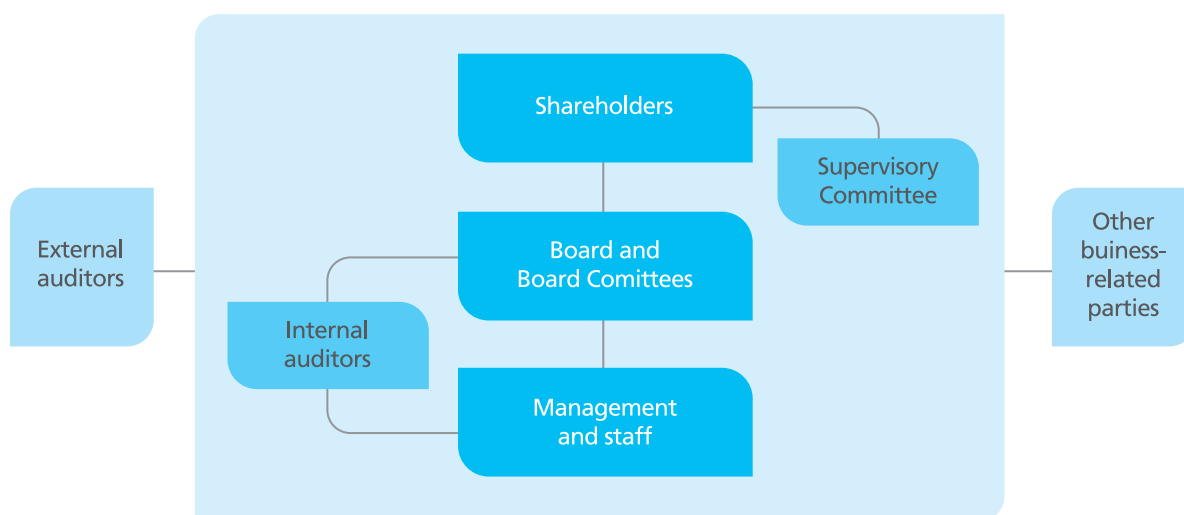
- We have formulated the corporate governance code, which was adopted by the Board after discussion and taking into consideration of the internal and external parties relating to our corporate governance to define our corporate governance framework. The Corporate Governance Code of the Company emphasizes 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 Board Secretary will, within one week after each board meeting, promptly prepare a list of action items and follow up the implementation of such items, and the status of the implementation of such items will be reported to the Board at the next board meeting.
- 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 (hereinafter referred to as "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.

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 these regulatory documents on governance, we have formulated a series of rules and regulations. The general meeting, the Board and the Supervisory Committee of the Company operate independently and effectively in accordance with the Articles of Association and their respective procedural rules.

As at the end of 2014, 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.* (hereinafter referred to as the “Procedural Rules of Board of Directors”)
- Procedural Rules of Supervisory Committee of CGN Power Co., Ltd. (hereinafter referred to as the “Procedural Rules of Supervisory Committee”)
- Provisions on the Corporate Governance Authorization of CGN Power Co., Ltd. (hereinafter referred to as 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.*

- Code for Securities Transactions by Directors and Specific Persons of CGN Power Co., Ltd. (hereinafter referred to as the “Code for Securities Transactions by Directors and Specific Persons”)
- 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 Internal Auditing of CGN Power Co., Ltd.

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

Major amendments to the Articles of Association

Except for the Articles of Association being effective from the Listing Date of the Company and disclosed in the Prospectus, the Company has not introduced any significant amendments to the Articles of Association during 2014.

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 at the end of 2014, none of the Company, its 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. Mr. Gao Ligang, the executive Director and President of the Company, currently serves as the chairman of the board of Taishan Nuclear. We have entered into the Taishan Nuclear Equity Transfer Agreement with CGNPC, which will take effect upon approval of the relevant authorities (please refer to “Connected Transactions” of this Annual Report on page 108 for the relevant information of the agreement). Except Mr. Shu Guogang, our Vice President, acting as the general manager in the 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.

Particulars of Horizontal Competition

We entered into a custodian management framework agreement with CGNPC on April 28, 2014 after going through the relevant procedures, 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, Taishan Nuclear and Taishan Investment, on behalf of CGNPC.

In order to limit potential competition between the CGN Group of 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.

CGNPC confirmed that no default of non-competition deed has been found during this reporting period. 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.

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", 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 after Listing.

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 data 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 auditor 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.

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 at December 9, 2014 (prior to the Listing) | As at December 31, 2014 |
|---|--|----------------------------|
| Total number of registered shareholders | 3 | 6,741 |
| Registered shareholders of H shares | — | 6,738 |

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 Security Fund ("NSSF") | 1,055,237,000 | 2.32 |
| | Shareholders of other issued and sold H shares | 9,965,954,000 | 21.93 |
| | | | |

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 was 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. AGMs are 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 at the date of written request from the shareholders.

In 2014, we held a total of four general meetings, including three EGMs, and all resolutions were passed thereat. Details of those general meetings are as follows:

| Name | Date | Mode | Number of shareholders/proxies attended | Total number of shares represented ('000 shares) | Percentage of total share capital (%) |
|---|--------------------|----------------|---|--|---------------------------------------|
| The inaugural meeting and the first general meeting | March 24, 2014 | Physical | 3 | 35,300,000 | 100 |
| The first EGM of 2014 | April 15, 2014 | Physical | 3 | 35,300,000 | 100 |
| The second EGM of 2014 | June 16, 2014 | By circulation | 3 | 35,300,000 | 100 |
| The third EGM of 2014 | September 17, 2014 | Physical | 3 | 35,300,000 | 100 |

All resolutions were passed at the above meetings. The major resolutions considered and passed at the general meetings during this reporting period mainly include:

- Resolution on the Establishment of CGN Power Co., Ltd. and the Capital Contributions by Its Promoters
- Resolution on the Articles of Association of CGN Power Co., Ltd.
- Resolution on Approval of Execution of the Reorganization Agreement of CGN Power Co., Ltd.
- Resolution on Approval of Execution of the Corporate Bond Novation Agreement
- Resolution on the Election of Directors for the First Session of Board of Directors of CGN Power Co., Ltd.
- Resolution on the Election of Supervisors for the First Session of the Supervisory Committee of CGN Power Co., Ltd.
- Resolution on the Conversion of CGN Power Co., Ltd. into a Joint Stock Company with Limited Liability through Overseas Listing of Shares
- Resolution on the Initial Public Offering of H Shares of CGN Power Co., Ltd. and the Reduction and Transfer of State-owned Shares in the Process of the Listing
- Resolution on the Initial Public Offering of Overseas-listed Foreign Shares (H Shares) of CGN Power Co., Ltd. and the Listing on the Main Board of The Stock Exchange of Hong Kong Limited
- Resolution on the Use and Investment of Proceeds from the Issuance of H Shares of CGN Power Co., Ltd.
- Resolution on the Formulation of the Articles of Association of CGN Power Co., Ltd. (H Shares)
- Resolution on the Formulation of the Procedural Rules of General Meetings of CGN Power Co., Ltd.
- Resolution on the Formulation of the Procedural Rules of the Board of Directors of CGN Power Co., Ltd.
- Resolution on the Formulation of the Procedural Rules of the Supervisory Committee of CGN Power Co., Ltd.
- Resolution on Approval of Execution of, and Authorizing the Board of Directors to Revise, Relevant Connected Transactions Framework Agreement
- Resolution on the Engagement of Auditors for the Offering and Listing
- Resolution on Approval of Acquisition of Equity Interests in Taishan Nuclear Power Joint Venture Co., Ltd. and Taishan Nuclear Power Industry Investment Co., Ltd. by CGN Power Co., Ltd.
- Resolution on Approval of the General Mandate to Issue New Shares of CGN Power Co., Ltd.
- Resolution on Approval of the Distribution Policy on Distributable Profit of CGN Power Co., Ltd. Accumulated during the Period from the Date of its Establishment to the Listing Date
- Resolution on Approval of the Dividend Distribution Policy of CGN Power Co., Ltd.
- Resolution on Approval of the First Registration and Issuance of Short-term Financing Bills by CGN Power Co., Ltd.
- Resolution on Approval of Engagement of Auditors for 2014 by CGN Power Co., Ltd.
- Resolution on Approval of the Proposed Remuneration Plan for Directors and Supervisors for 2014 of CGN Power Co., Ltd.

We were serious about the organization and convening of each general meeting. All Directors, Supervisors and senior management will endeavour to attend each general meeting, with the presence of witnessing lawyer(s). The 2014 AGM is expected to be held in May 2015. The Chairman of the Company and the chairmen of each Board Committees of the Company will attend the AGM and reply to questions raised by shareholders. The external auditor of the Company will also attend the AGM and reply to questions about audit practices, preparation and contents of the auditor's report, accounting policies and independence of auditors.

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 of 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 three specialized Committees, namely the Audit Committee, Remuneration Committee and Nomination 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 three specialized Committees are independent non-executive Directors. In particular, independent non-executive Directors make up a majority of these Committees. During the period from the Listing Date up to December 31, 2014, the Board has at all times complied with the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules 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, Supervisors and Senior Management" set out on page 72 of this Annual Report for the biographical details of all Directors. Except for those disclosed in such 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.

The Board has set up the Procedural Rules of Board of Directors, which specify the details of the decision-making by the Board, the terms of reference 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. For example, as for the review of the Resolution on Approval of Acquisition of Equity Interests in Taishan Nuclear Power Joint Venture Co., Ltd. and Taishan Nuclear Power Industry Investment Co., Ltd. by CGN Power Co., Ltd. (《關於批准中國廣核電力股份有限公司收購台山核電合營有限公司和台山核電產業投資有限公司股權的議案》) at the 4th meeting of the first session of the Board, Mr. Gao Ligang abstained from voting on the resolution by virtue of his capacity as the chairman of the board of directors of Taishan Nuclear.

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 Group, and supervises strategic decisions and monitors business and performance of the Group. The Board reports its work to the general meeting, implements the resolutions resolved at the general meeting and is responsible to the general meeting. The Board has delegated the powers and responsibilities for daily management and operation of the Group to the senior management of the Group.

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 direction of the Company;
- establishing objectives for the management;
- assessing the performance of the management;
- ensuring that a prudent and effective regulatory framework is in place to assess and manage risks;
- performing functions related to corporate governance, or delegating such functions to one or more committees;
- authorizing the Audit Committee, the Remuneration Committee and the Nomination Committee 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 three committees with specific terms of reference, namely the Audit Committee, the Remuneration Committee and the Nomination 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.

Audit Committee

Please refer to the "Report of Audit Committee" set out on page 112 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 114 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 2014.

Nomination Committee

Composition

The Nomination Committee comprises three members, namely Na Xizhi (an independent non-executive Director and the chairman of the Nomination Committee), Zhang Shanming (the Chairman and a non-executive Director) and Hu Yiguang (an independent 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 72.

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 policy on Board diversity and discuss the annual work plan, etc. The Nomination Committee may, if needed, engage with 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 suitably qualified to become members of the Board, select and nominate such individuals for directorships or make recommendations of such;
 - To assess the independence of 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 policy on Board diversity 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 on achieving the objectives;
 - To fulfill such other duties and responsibilities delegated by the Board.
- considered 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》) and approved the submission thereof for the Board's approval;
 - reviewed the current Board structure and composition;
 - discussed the Nomination Committee Work Plan for 2015.

After evaluating the relevance of the skills and experience of each of the Directors to the Company's business, the Nomination Committee has confirmed that the existing structure of the Board is reasonable.

Board Diversity Policy

The Board has adopted the Board Diversity Policy of CGN Power Co., Ltd. for the nomination and appointment of new Directors, in which it sets out: (1) the objective of formulating this policy by the Board; (2) the vision; (3) the principles; (4) factors of consideration in the selection of Director candidates for compliance with diversification, including but not limited to sex, age, cultural and education background, race, professional experience, skills, knowledge and service period; and (5) review and reporting; etc. This policy has been disclosed on the Company's website.

Annual Work Summary

On December 18, 2014, the Nomination Committee convened an on-site meeting. The following matters were reviewed, considered and discussed at the meeting:

- listened to the report in relation to the procedures for nominating Director candidate and the relevant duties and responsibilities of the Nomination Committee;

Particulars of Board Meetings

The Company has adopted the practice of holding Board meetings on a regular basis. 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 7 Board meetings, including 5 regular Board meetings and 2 extraordinary 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 | First meeting of the first session of the Board of Directors | March 24, 2014 | Physical |
| 2 | Second meeting of the first session of the Board of Directors | April 15, 2014 | Physical |
| 3 | First extraordinary meeting of the first session of the Board of Directors | June 16, 2014 | By circulation |
| 4 | Third meeting of the first session of the Board of Directors | July 18, 2014 | Physical |
| 5 | Fourth meeting of the first session of the Board of Directors | September 17, 2014 | Physical |
| 6 | Fifth meeting of the first session of the Board of Directors | November 18, 2014 | Physical |
| 7 | Second extraordinary meeting of the first session of the Board of Directors | December 15, 2014 | By circulation |

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

- Resolution on Election of the Chairman of the Board of Directors of CGN Power Co., Ltd.
- Resolution on Appointment of the President of CGN Power Co., Ltd.
- Resolution on Appointment of the Vice President of CGN Power Co., Ltd.
- Resolution on Appointment of the Chief Financial Officer of CGN Power Co., Ltd.
- Resolution on Appointment of the Secretary to the Board of CGN Power Co., Ltd.
- Resolution on the Establishment of the Internal Management Structure of CGN Power Co., Ltd.
- Resolution on Approval of Execution of Non-competition Deed

- Resolution on the Formulation of 2014 Operation Plan and Objectives of CGN Power Co., Ltd.
- Resolution on the Provisions on the Corporate Governance Authorization of CGN Power Co., Ltd.
- Resolution on the Appointment of Company Secretary and Engagement of Joint Company Secretary to the Company
- Resolution on the Election of Members of Board Committees of CGN Power Co., Ltd.
- Resolution on the Formulation of Terms of Reference for the Board Committees of CGN Power Co., Ltd.
- Resolution on Approval of the Financial Reports of CGN Power Co., Ltd. for 2011, 2012, 2013 and the period from January to March 2014
- Resolution on Approval of the Profit Forecast Report for 2014 of CGN Power Co., Ltd.
- Resolution on Approval of the Internal Control Assessment Report of CGN Power Co., Ltd.
- Resolution on Approval of H Share Listing Prospectus (A1 Proof) of CGN Power Co., Ltd.
- Resolution on the Appointment of Authorized Representatives of CGN Power Co., Ltd.
- Resolution on Approval of Application of Registration of CGN Power Co., Ltd. as a Non-Hong Kong Company
- Resolution on Approval of the 2014 Remuneration Plan for Senior Management of CGN Power Co., Ltd.
- Resolution on the Approval of the Internal Control Assessment Plan of CGN Power Co., Ltd.
- Resolution on Approval of Materials in relation to the Corporate Governance of CGN Power Co., Ltd. and Disclosure of the Relevant Matters to the Public in Emergency Situations
- Resolution on the Consideration of the Share Incentive Plan of CGN Power Co., Ltd.

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 | |
| Zhang Shanming | Chairman of the Board, Non-executive Director and member of the Nomination Committee | 7/7 | | | 1/1 | 4/4 |
| Gao Ligang | Executive Director and President | 7/7 | | | | 4/4 |
| Zhang Weiqing | Non-executive Director | 7/7 | | | | 4/4 |
| Shi Bing | Non-executive Director | 6/7 ^(a) | | | | 3/4 ^(b) |
| Xiao Xue | Non-executive Director, member of the Remuneration Committee | 7/7 | | 2/2 | | 4/4 |
| Zhuo Yuyun | Non-executive Director, member of the Audit Committee | 6/7 ^(c) | 3/4 ^(d) | | | 4/4 |
| Na Xizhi | Independent non-executive Director, Chairman of the Nomination Committee and member of the Audit Committee | 7/7 | 4/4 | | 1/1 | 4/4 |
| Hu Yiguang | Independent non-executive Director, Chairman of the Remuneration Committee and member of the Nomination Committee | 7/7 | | 2/2 | 1/1 | 4/4 |
| Francis Siu Wai Keung | Independent non-executive Director, Chairman of the Audit Committee and member of the Remuneration Committee | 6/7 ^(e) | 4/4 | 2/2 | | 3/4 ^(f) |

(a) Shi Bing, a Director, failed to attend the fourth meeting of the first session of the Board due to other business engagement. He delegated in writing to Zhang Weiqing, a Director, to attend and vote at such meeting on his behalf.

(b) Shi Bing, a Director, failed to be present at the 2014 third extraordinary general meeting due to other business engagement.

(c) Zhuo Yuyun, a Director, failed to attend the fifth meeting of the first session of the Board due to other business engagement. He delegated in writing to Xiao Xue, a Director, to attend and vote at such meeting on his behalf.

(d) Zhuo Yuyun, a Director, failed to attend the third Audit Committee meeting due to other business engagement.

(e) Francis Siu Wai Keung, a Director, failed to attend the first meeting of the first session of the Board due to other business engagement. He delegated in writing to Hu Yiguang, a Director, to attend and vote at such meeting on his behalf.

(f) Francis Siu Wai Keung, a Director, failed to attend the 2014 first general meeting due to other business engagement.

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 regularly 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, 2014, 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 such as the Listing Rules, duties of a director, domestic and foreign laws and regulations have been studied and total four volumes of studying materials have been distributed. These Materials mainly include: Extracts of the Listing Rules (Volume 1); Guidelines for Directors and Corporate Code of Conduct (Volume 2); Extracts of the Hong Kong "Companies Ordinance" (Volume 3); and Extracts of the Hong Kong "Securities and Futures Ordinance" (Volume 4)

Specific Trainings On July 18, 2014, all Directors of the Company attended a specific training, i.e. Main Board Listed Companies in Hong Kong – Duties and Continuous Responsibilities of Directors, Supervisors and Senior Management.

On-site Inspections Organizing the Directors to conduct on-site inspections on the nuclear power projects managed by the Company. The inspection activities in 2014 mainly include:

- From June 22 to June 26, 2014, the independent non-executive Directors of the Company conducted on-site inspections on the nuclear operation unit and nuclear engineering unit of the Company and DNMC, Taishan Nuclear and Yangjiang Nuclear.
- From October 22 to October 24, 2014, the independent non-executive Directors of the Company conducted on-site inspections on Hongyanhe Nuclear.

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 7 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, supervise 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.

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.

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. 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 at December 31, 2014.

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 during the period from the Listing Date to December 31, 2014.

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, 2014 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 auditor 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 126.

Supervisory Committee

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

Company Secretary

The Board has appointed Mr. Fang Chunfa as the joint company secretaries. 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 secretaries 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.

According to Rule 3.29 of the Listing Rules, the joint company secretaries of the Company had taken no less than 15 hours of relevant professional training during the financial year ended December 31, 2014.

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, which are rules and procedures for dealing with incidents of non-compliance with the Staff Manual and shall be strictly complied with by all management and staff. During 2014, there were 5 breaches of the Staff Manual and the disciplinary actions implemented included, among others, interview, warnings and criticisms. None of them materially impacts to the Company's financial statements and overall operations. 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.

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, 2014.

The principles and details of the remuneration of senior management officers are set out in the “Remuneration Committee Report” on page 114 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 50 of this Annual Report. During 2014, the Company has regularly organized senior management officers to participate in a series of trainings on the capital market during their leisure time after work, and since April 12, 2014, it has held a total of 26 specific trainings in relation to corporate governance, responsibilities and obligations of Directors, Supervisors and senior management officers, connected transactions, investor relations management and capital market-related laws and regulations and operation practice.

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 54 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 of the Company 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 director of the audit department reports directly to the Audit Committee and the President, and his opinions may be reflected directly to the Board through the Chairman of the Audit Committee.

During 2014, 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.

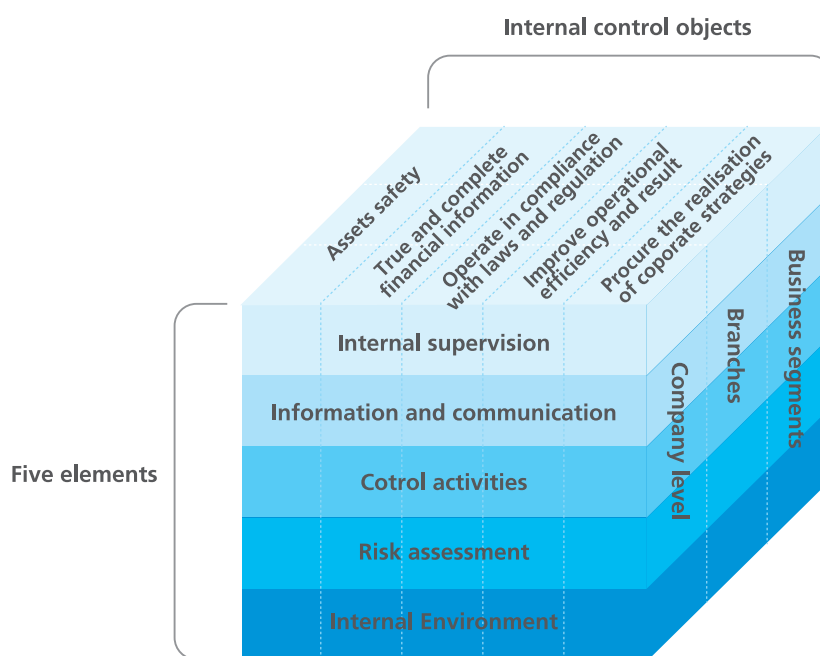
External Auditors

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, 2014 prepared in accordance with IFRS and China Accounting Standards. Deloitte Touche Tohmatsu has audited the Company’s 2014 consolidated financial statements prepared in accordance with IFRS by the Company. The actual expense for auditing fees was RMB5.30 million in 2014.

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.

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 | <ul style="list-style-type: none"> • The corporate governance structure specifies the management authority at various levels; • Internal organizations and posts clearly define the allocation of responsibilities and powers; • The internal supervision system • Corporate strategies • Integrity and moral values and corporate culture • Competency of staff |
| Risk Assessment | <ul style="list-style-type: none"> • 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 |
| Control Activities | <ul style="list-style-type: none"> • Taking corresponding control measures and formulates internal rules, systems and procedures based on the risk assessment results to ensure the implementation of control measures • Covering major business areas such as funding activities, procurement, sales, engineering projects management, guarantee, research and development, business outsourcing, asset management and financial reporting • Formulating control measures from the perspectives of, among others, separation of incompatible duties, authority approval, accounting system control, property protection, budgets, operation analyses and evaluation |
| Information and Communication | <ul style="list-style-type: none"> • 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 |
| Internal Supervision | <ul style="list-style-type: none"> • Regularly evaluating the implementation of systems and procedures • Independent internal monitor and audit activities • Self-assessment of internal control system on a regular basis |

Internal control evaluation

According to the relevant provisions of the Basic Standards of Internal Control for Enterprises (《企業內部控制基本規範》), Assessment Guidelines of Internal Control for Enterprises (《企業內部控制評價指引》) and the Notice on Matters Concerning the Acceleration of Construction of Internal Control System of State Enterprises(《關於加快構建中央企業內部控制體系有關事項的通知》) published by State-owned Assets Supervision and Administration Commission, we have prepared the Internal Control Assessment Proposal for 2014 of the Company (hereinafter referred to as the “**Internal Control Assessment Proposal**”), which clearly provides the evaluation covers the full financial year ended December 31, 2014, 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 fifth meeting of the Board in November 2014.

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 9 subsidiaries, which covered all business segments and major business areas of the Company; as at December 31, 2014, the aggregate net assets and operating revenue of the aforesaid companies represented approximately 73% and 84% of the net assets and operating revenue in the combined financial statements, 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, 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, 2014) 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;
- We have developed the Information Disclosure Management System (《信息披露管理制度》) and its ancillary procedures 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.

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. 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 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.



The Board of the Company has been contributing in respect of the interests of the shareholders by upholding its standard and openness of its management philosophy

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 Company's consolidated financial statements for the financial year ended December 31, 2014, please refer to pages 128 to 250.

Earnings and Dividends

The details about the earnings of the Company for the year are set out in the "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on page 128.

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

Performance

Details of the performance for 2014 and the analysis of its influencing factors are set out in the section headed "Management Discussion and Analysis" in this Annual Report.

Assets

Properties, Plants and Equipments

Additions to properties, plants and equipments of the Company for the year amounted to a total of RMB9,887.4 million. In 2013, a total amount of RMB10,480.0 million was added to properties, plants and equipments. Details of changes in properties, plants and equipments of the Company are set out in Note 15 to the Consolidated Financial Statements.

Bank Borrowings and Other Borrowings

The total borrowings of the Company as at December 31, 2014 amounted to RMB81,070.5 million (2013: RMB79,349.0 million). Details of borrowings are set out in Note 34, 35 and 36 to the Consolidated Financial Statements.

Finance Costs Capitalized

Finance costs amounting to RMB1,661.5 million (2013: RMB2,454.1 million) were capitalized by the Company 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 49 to the Consolidated Financial Statements.

Share Capital

Issuance and Listing of Securities

The initial registered share capital of the Company when incorporated 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.

Immediately after completion of the Global Offering and before exercise of the Over-allotment Option, 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 78% and 22% of the registered share capital, respectively.

Immediately 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, 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

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

| | At the beginning of the period (prior to the Listing) | Increase/ (decrease) due to changes during the reporting period | At the end of the period |
|------------------------|---|---|--------------------------|
| Domestic Shares | 35,300,000,000 | (1,014,875,000) | 34,285,125,000 |
| H Shares | — | 11,163,625,000 | 11,163,625,000 |
| Total number of shares | 35,300,000,000 | 10,148,750,000 | 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 78.

Directors

The current Directors of the Company have been Directors for the whole year. Their brief biographical details are set out in “Board of Directors, Supervisory Committee and senior management” on page 72 of this Annual Report. Details of Directors’ remuneration are set out in “Report of Remuneration Committee” of this Annual Report on page 114.

Supervisors

The current Supervisors of the Company have been Supervisors for the whole year. Their brief biographical details are set out in “Board of Directors, Supervisory Committee and Senior Management” on page 72 of this Annual Report. Details of Supervisors’ remuneration are set out in “Report of Remuneration Committee” of this Annual Report on page 114.

Senior Management

The brief biographical details of the senior management are set out in “Board of Directors, Supervisory Committee and senior management” on page 72 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 114.

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 it’s associated entities as at December 31, 2014.

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 at December 31, 2014, 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 at December 31, 2014:

| 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 |
|---------------------|---|--|---|---|
| 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 | 1,055,237,000 H Shares | 9.45% | 2.32% |

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

As at December 31, 2014, the Company had not been notified of any short positions being held by any above shareholders in the shares and underlying shares of the Company.

Interests of Other Persons

As at December 31, 2014, 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".

Material Contracts

Save as disclosed in the section headed "Connected Transactions" of this Annual Report on page 108, 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 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 108.

Directors' and Supervisors' Interests in Material Contracts

For the year ended December 31, 2014, none of the Company or its any subsidiaries entered into any material contracts which the Directors and Supervisors of the Company had material interests, either directly or indirectly.

Directors' Interests in Competing Businesses

For the year ended December 31, 2014, 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 from the Listing Date of the Company to December 31, 2014.

For the details of material contracts which provided services to the Company by CGNPC, please refer to “Connected Transactions” on page 108 in this annual report.

Preemptive Rights

There are no provisions for pre-emptive rights under the Company’s 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 at December 31, 2014, our reserves available for distribution to our equity holders amounted to approximately RMB4,725.4 million (representing retained earnings of RMB4,725.4 million).

Management Contracts

For the year ended December 31, 2014, except for service contracts entered into with Directors and 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.

Major Customers and Suppliers

For the year ended December 31, 2014, our total purchases from the top five suppliers accounted for 43.3%, of our total cost sales and services (excluding depreciation). During the same period, our total purchases from the largest suppliers accounted for 23.5%, of our total cost sales and services (excluding depreciation).

For the year ended December 31, 2014, our total sales to the top five customers accounted for 96.3%, of our total revenue during the same period. During the same period, our total sales to the largest customers accounted for 73.6%, of our total revenue.

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

Exchange Rate

For the year ended December 31, 2014, the Group has not suffered any major difficulties of or impacts on its operations or liquidity due to exchange rate fluctuations. 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.

Post Balance Sheet Events

There is no occurrence of events that had a significant impact on the Group's operation, financial and trading prospects from December 31, 2014 to the date of this Annual Report.

Connected Transactions

We 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 adopt competitive procurement by continuing to require connected persons to provide us with the relevant materials, products and services through the bidding procedures. In the actual course of business, we have signed one-off connected transaction agreements and continuing connected transaction framework agreements with connected persons, which constitute major connected transactions of the Group in 2014, 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 Transactions

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. Under Chapter 14A of the Listing Rules, the Taishan Nuclear Equity Transfer Agreement constitutes an one-off connected transaction between the Group and its connected persons.

Taishan Nuclear Equity Transfer Agreement

In order to minimize any potential competition between our business and the businesses that the Controlling Shareholder will continue to be interested in after the Listing as well as expand our nuclear power business, on October 30, 2014, our Company entered into the Taishan Equity Transfer Agreement with CGNPC, pursuant to which we shall pay RMB9,700.2 million to CGNPC for acquisition of in aggregate 41% of the shares held, directly and indirectly, by it subject to approval of the relevant authorities and as determined on the basis of the evaluation performed by Beijing China Enterprise Appraisals Co., Ltd. (hereinafter referred to as the "Taishan Nuclear Acquisition"). Upon completion of the Taishan Nuclear Acquisition, we will directly and indirectly hold a total of 51% equity interest in Taishan Nuclear and Taishan Nuclear will become a subsidiary of the Company.

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 2014, the continuing connected transactions had been carried out as follows:

| Nature of Transaction | Annual Cap for 2014 (RMB'000) | Actual Transaction Amount for 2014 (RMB'000) |
|---|---|--|
| General Services Framework Agreement ¹ | Amount paid to the CGN Group: | 375,957 |
| | 588,000 | |
| | Amount to be received from the CGN Group: | 138,060 |
| | 175,000 | |
| Technical Support and Maintenance Services Framework Agreement ² | Amount paid to the CGN Group: | 125,891 |
| | 221,000 | |
| | Amount to be received from the CGN Group: | 626,613 |
| | 696,550 | |
| Engineering Services Framework Agreement ³ | Amount paid to the CGN Group: | 6,146,245 |
| | 8,015,000 | |
| Financial Services Framework Agreement ⁴ | Amount paid to the CGN Group in relation to settlement, entrustment loans and other financial services: | 7,989 |
| | 16,000 | |
| | Maximum daily balance of deposits placed by our Group with the CGN Group and interest income: | 13,513,052 |
| | 17,800,000 | |
| | Maximum daily balance of loans provided by the CGN Group to our Group: | 21,797,166 |
| | 26,094,000 | |
| | Maximum daily balance of loans provided by our Group to the CGN Group: | 450,000 |
| | 9,345,000 | |

| Nature of Transaction | Annual Cap for 2014 (RMB'000) | Actual Transaction Amount for 2014 (RMB'000) |
|--|----------------------------------|--|
| Nuclear Fuel Supply and Services Framework Agreement ⁵ | 1,911,000 | Amount paid to the CGN Group: 1,490,643 |
| Final Project Support and Supply of Technology Agreement with EDF ⁶ | 56,000 | Amount paid to EDF: NA |
| Electricity Supply Arrangement under the Joint Venture Contract ⁷ | 10,380GWh | Electricity volume sold to HKNIC: 10,288GWh |

- 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 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.
- 6: 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 not completed in 2014, EDF is temporarily not a connected person of the Company. Therefore, the Final Project Support and Supply of Technology Agreement with EDF temporarily does not belong to a connected transaction.
- 7: 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-mentioned continuing connected transactions, our continuing connected transactions during 2014 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 the Connected Transaction Management System (關連交易管理制度) to standardize the pricing principle and method, manage the assignment of responsibility, decision making authority and disclosures for connected transactions. For example, the connected directors and shareholders shall abstain from voting and be forbidden to exercise the voting rights on behalf of other directors in the process of voting on a connected transaction at a Board meeting or general meeting.

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 auditor 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 auditor 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 aforesaid continuing connected transactions have been approved by the Board;
- the aforesaid continuing connected transactions were conducted pursuant to the relevant framework agreements governing those transactions;
- the aforesaid 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 significant related party transactions carried out in the normal course of business are set out in note 46 to the consolidated financial statements.

Auditor

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.

Remuneration Policy

For details of the Company's remuneration policy please refer to the section headed "Human Capital" on Page 55 and the section headed "Report of Remuneration Committee" on Page 115.

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 in this annual report.

Employee Retirement Plan

For details of the Company's remuneration policy please refer to the section headed "Report of Remuneration Committee" on Page 115.

Charitable Donations

During the year ended December 31, 2014, the Group made charitable and other donations in a total amount of RMB1.5 million.

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 72.

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 auditor;
- To review and monitor the independence and objectivity of the independent auditor 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 auditor 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 auditor 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;

- 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 any queries raised by the independent auditor after reviewing the half-year accounts and after auditing the annual accounts of the Company;
- To review the independent auditor’s explanatory notes of inspection or management proposal letter (including any material queries raised by the independent auditor regarding the accounting records, financial accounts or monitoring system), and the responses to queries from the from management officers of the Company;
- To communicate with the Board, senior management officers and the independent auditor in respect of the Company’s financial reports on a regular basis, at least two meetings must be convened each year with the independent auditor 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.
- On December 26, 2014, the Audit Committee convened an on-site meeting to consider and all members express their opinions independently on the Work Plan of the Audit Committee for 2015(《審計委員會2015工作計劃》), the Audit Work Plan of the Audit Department for 2015(《審計部2015年審計工作計劃》), the Accounting System of the Company(《公司會計核算制度》) and the Comprehensive Risk Management System of the Company(《公司全面風險管理制度》). Among others, the Audit Committee agreed unanimously to approve the Work Plan of the Audit Committee for 2015 and the Audit Work Plan of the Audit Department for 2015 and agreed unanimously to submit the Accounting System of the Company to the Board for approval. As for the Comprehensive Risk Management System of the Company, when the Audit Committee carried out the first review, the Hong Kong Stock Exchange issued the latest revision of the "Hong Kong Stock Exchange Code" to increase and emphasize the requirements of risk management and internal control. Therefore, the Audit Committee recommended the Company to incorporate these new requirements of the Hong Kong Stock Exchange into the Comprehensive Risk management System of the Company and the revised document shall then be reported to the Board for approval so as to timely respond to the regulatory requirements of the Hong Kong Stock Exchange.

Annual Work Summary

- From August 20 to 27, 2014, the Audit Committee considered and members expressed their opinions independently on the Resolution of Appointing an Audit Firm for 2014 by CGN Power Co., Ltd. (《關於聘請中國廣核電力股份有限公司2014年度審計機構的議案》) by circulation, and agreed unanimously to submit the resolution to the Board for further discussion and then to the general meeting for approval.
- On September 16, 2014, the Audit Committee convened an on-site meeting to study and discuss the Internal Control Assessment Proposal for 2014 (《2014年內部控制評價方案》). From October 11 to 17, 2014, the Audit Committee considered and all members expressed their opinions independently on the Internal Control Assessment Proposal for 2014 by circulation, and agreed unanimously to submit the resolution to the Board for approval.
- On November 17, 2014, before the auditor of the Company for the year proceeded with on-site auditing, the Audit Committee reviewed the work proposal of the auditor to determine the timetable schedule of the Company's 2014 audit work, and reviewed the Company's audit plan for 2014.

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 72.

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 individual executive Directors and senior management officers;
- 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 officers;
- 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; and
- 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 June 23, 2014, the Remuneration Committee convened an on-site meeting to consider the Proposals on the Remuneration for Directors and Supervisors and the Resolution on the Remuneration for Senior Management Officers and agreed unanimously to submit the resolutions to the Board for approval.
- On November 28, 2014, the Remuneration Committee considered and reviewed the share incentive plan of the Company (“H Shares Appreciation Rights Scheme”) by circulation, and agreed unanimously to submit the resolution to the Board for approval and then to the general meeting for approval. For details of H Shares Appreciation Rights Scheme of the Company, please refer to the announcement of the Company dated December 29, 2014.

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 Board Committees.

The remuneration for the executive Directors of the Company is in compliance with CGN Power’s remuneration management requirements.

The remuneration for a Supervisor appointed by the controlling shareholders of the Company is paid by the company he/she works for. The remuneration for a Supervisor representing ordinary employees is in compliance with CGN Power’s remuneration management requirements.

The remuneration for the senior management officers of the Company is in compliance with CGN Power’s remuneration management requirements.

The remunerations for Directors, Supervisors and senior management officers for 2014 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 46c to the consolidated financial statements.

(Unit: RMB’000)

| | Directors’ fee | Salaries and other allowances | Discretionary bonus | Pension scheme contributions* | Total |
|----------------------------|----------------|-------------------------------|---------------------|-------------------------------|-------|
| Directors | 1,129 | 446 | 398 | 76 | 2,069 |
| Supervisors | — | 654 | 598 | 68 | 1,320 |
| Senior management officers | — | 1,819 | 1,730 | 215 | 3,764 |

* The Company contribute a certain percentage 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 the local polices 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. Besides, the Company has no more responsibilities for the pension scheme of the staff.

Report of Supervisory Committee

Composition

As of December 31, 2014, the Supervisory Committee comprised three members, namely Li Yourong (the chairman of the Supervisory Committee), Chen Sui, Shi Weiqi (being a Supervisor representing ordinary employees).

As of the date of this Annual Report, the aforementioned three members have resigned as Supervisors due to job changes. The Supervisory Committee has nominated candidates for Supervisors and intended to propose the same for consideration at the 2014 annual general meeting before making the decision. Meanwhile, we intend to optimize the composition of the Supervisory Committee, pending approval by the general meeting before taking into effect. For details please refer to the announcement dated March 18, 2015 relating to amendments to the Articles of Association and the announcements dated February 16, 2015 and March 30, 2015 relating to adjustment of the Supervisors published by the Company.

All Supervisors have entered into service contracts with the Company.

The section of "Directors, Supervisors and Senior Management Officers" on page 72 of this Annual Report sets out the detailed information of all Supervisors and their personal particulars.

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 interest;

- 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 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, law firm or other professional institution 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 lawful interests of the shareholders, the Company and the staff against infringements. During the reporting period, the Supervisory Committee held one meeting. 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 condition of the Company and the official acts conducted by the Board and the management of the Company.

During 2014, the meetings convened by the Supervisory Committee are as follows:

| Number | Meeting | Time | Method of Convening | Attendance/ Number of Supervisors | Agenda |
|--------|---|----------------|---------------------|-----------------------------------|--|
| 1 | First meeting of the first session of the Supervisory Committee | March 24, 2014 | On-site meeting | 3/3 | <ol style="list-style-type: none"> to consider the Resolution on the Election of Chairman for the First Session of the Supervisory Committee of the Company to consider the Resolution on Formulating the Rules of Procedures of Supervisory Committee Meetings of CGN Power Co., Ltd. |

Note: All resolutions in above meetings have been approved.

During 2014, the attendance of the Supervisors of the Company at the meetings of the Supervisory Committee, attendance at the Board meetings and general meetings as observers are as follows:

| Name | Position | Attendance at the meetings of the Supervisory Committee/Number of Meetings | Attendance at the Board meetings as observers/ Number of Meetings ^(a) | Attendances at general meetings as observers/ Number of Meetings ^(b) |
|------------|---|--|--|---|
| Li Yourong | External Supervisor/Chairman of the Supervisory Committee | 1/1 | 4/7 ^(c) | 2/4 ^(d) |
| Chen Sui | External Supervisor | 1/1 | 4/7 ^(e) | 2/4 ^(f) |
| Shi Weiqi | Supervisor Representing Ordinary Employees | 1/1 | 4/7 ^(g) | 2/4 ^(h) |

(a) During the reporting period, we convened a total of 7 Board meetings, two of which was convened by circulation. (b) During the reporting period, we convened a total of 4 general meetings, one of which was convened by circulation. (c) Li Yourong, a Supervisor, did not attend the second meeting of the Board meeting due to other business engagement. (d) Chen Sui, a Supervisor, did not attend the fourth meeting of the Board meeting due to other business engagement. (e) Chen Sui, a Supervisor, did not attend the third extraordinary general meeting of 2014 due to other business engagement. (f) Shi Weiqi, a Supervisor, did not attend the fourth meeting of the Board meeting due to other business engagement. (g) Shi Weiqi, a Supervisor, did not attend the third extraordinary general meeting of 2014 due to other business engagement.

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

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 interests of the Company and its shareholders.

Risk Management Report

Basic Philosophy of Risk Management

We focus on development strategies and strive to continuously optimize and improve the overall risk management system of the Company. We face various risks in the internal and external environments during the development process of the Company. We need to identify and manage risks to mitigate, transfer, avoid or manage the effects resulting from such risks. In this respect, the Company has adopted an effective and comprehensive risk management policy which centers on nuclear safety, focuses on business operations and hinges on internal control, and the Company has also implemented a comprehensive set of risk management structure.

The Company's overall risk management system is supervised by the Board. Every employee of the Company is a barrier to risk management. Risk management has to be combined with the business operational process and integrated into strategic planning, business development, investment decision and daily operation.

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, 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.

Objectives, strategies, system and procedure of Risk Management

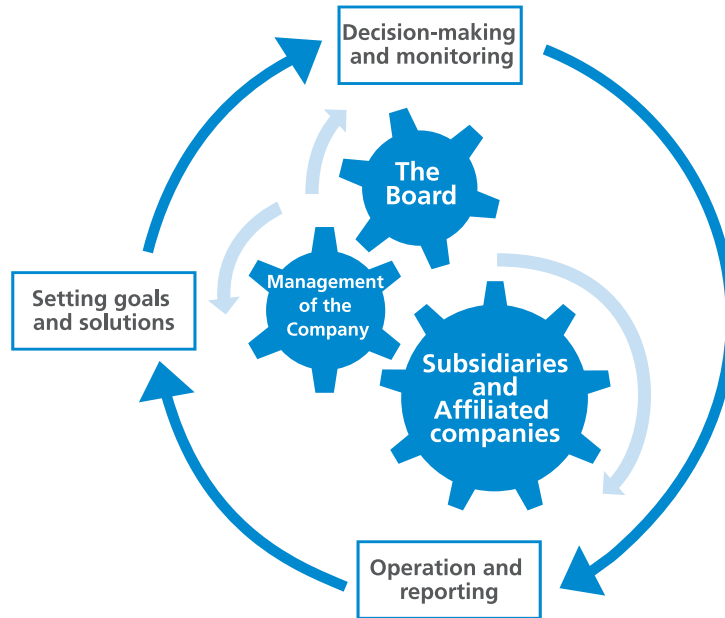
Objectives and Strategies of Risk Management

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. It is principally based on the Company's actual business practice. 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 health of 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 above risk tolerance, we carry out assessment of risks and rank their priorities, and require each business unit to identify the consequences and possibilities of risks, and adopt appropriate risk prevention strategies.

Risk Management Structure of the Company



| | |
|---|---|
| <p>The Company's risk management system:</p> <ul style="list-style-type: none"> • promoting the fully identification and delivery of risk information to support the risk information acquisition for the Board; • 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 assessment 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> <p>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;</p> <p>To approve reports on the Company's risk management;</p> <p>To supervise and evaluate the effectiveness of establishing and operating the Company's comprehensive risk management system.</p> |
| | <p>Business units and risk management department</p> <p>To promote and facilitate the normal operation of the Company's comprehensive risk management system and related risk management workflow;</p> <p>To organize and coordinate the routine work of comprehensive risk management;</p> <p>To guide and supervise each unit to carry out comprehensive risk management;</p> <p>To prepare the monthly and annual risk assessment reports on risk monitoring by the Company.</p> |
| Operating and reporting | <p>Subsidiaries and affiliated companies</p> <p>To put forward the implementation and improvement plan for the Company's comprehensive risk management operation system;</p> <p>To formulate the comprehensive risk management procedures and risk management related workflow of the Company;</p> <p>To guide, supervise, organize, coordinate and promote the Company's comprehensive risk management work;</p> <p>To report on the annual risk identification and assessment and risk monitoring of the Company according to the system requirements;</p> <p>To organize the investigation, assessment and analysis on the relevant risk incidents occurred in the Company before, during and after such incidents.</p> |

The Workflow of the Risk Management

| | |
|--|---|
| <p>The Company's risk management procedures</p> <ul style="list-style-type: none"> • To incorporate corporate social responsibilities, economic operation and development prospects. • To refer to the risk management content of IAEA-TECDOC-1209. • To refer to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) risk management frame. • To continue improving to comply with the leading standard and practice in the industry, including ISO 31000:2009 risk management – principles and guidelines. • To cultivate sound risk management culture and establish a sound and comprehensive risk management system 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. | |
| Assessment of the Company | <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 reveal 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. |
| Monthly risk monitoring | <ul style="list-style-type: none"> • The major business departments and major business units of the Company will prepare 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 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"> • With the development of the Company's business, when business units carry out significant investment projects, the business units must identify risks underlying such significant investment projects according to the risk management requirements of the Company and should provide the relevant measures to handle such risks. |

We will identify new risks through risk 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 and 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.

Key Risk Management Initiatives in 2014

At the corporate level, we continue to improve our risk management system, optimize the process of delivering risk information to the senior management and promote the implementation of risk management initiatives by each business unit of the Company.

At the business unit or subsidiary and affiliated company levels:

- to formulate its own risk management structure and guidelines, as well as strengthen the effective implementation of risk management initiatives by business units;
- to refine and improve the risk management system according to the actual business development and changes of the Company;
- to optimize and improve the risk monitoring indicator system so as to better monitor and prevent risks;
- to improve the risk reporting process to deliver risk information effectively.

Major Risks of the Company

In 2014, we have identified the following major risks:

| Description of risks | Key measures |
|---|--|
| Multi-bases safe and stable operation | |
| <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 power units have operated for more than 10 years, the assurance of reliability of equipment is also an issue we need to focus on.</p> <p>Three new units, namely Yangjiang Unit 1, Hongyanhe Unit 2 and Ningde Unit 2, commenced production in 2014.</p> | <ul style="list-style-type: none"> Propose the “Standardization, Specialization and Centralization” management strategies regarding multi-stations management in multi-bases; Implement DNMC’s WANO benchmark management scheme to drive the WANO indicators of 6 generating units to an advanced level and enhance the performance of WANO indicators; Implement WANO benchmark management plans at Hongyanhe Nuclear and Ningde Nuclear to drive the WANO indicators of new generating units to an advanced level; Carry out improvements on the short board of WANO indicators, and has realized enhancement of the short board WANO indicators as compared to 2013. Continue to promote the standardization of the nuclear power projects in terms of safety, quality and environmental protection and the development of international benchmarks. |
| Sales in power market | |
| <p>The nuclear power stations operated and managed by us were affected by the economic development and the local power generation policies of where they are located.</p> | <ul style="list-style-type: none"> To strengthen marketing in the power market; To track closely the reform progress of domestic power systems, study regional power market policies; To participate in the subject research and review work in respect of nuclear power fuel price, operating mode and tariff mechanism, striving to develop various policies in favor of nuclear power; |
| Controls on projects under construction | |
| <p>Quality control and progress control of nuclear power projects under construction are the challenges faced by us.</p> | <ul style="list-style-type: none"> To strengthen control on progress performance; Fully safeguard the project construction targets by following specific optimization measures to ensure progress with quality. Devote greater efforts to coordinate construction and production to ensure the realization of schedule targets, with the goal of commencing operation in a safe and high-quality manner. Increase process control efforts to ensure timely achievement of key milestones. |

As at the end of 2014, the overall nuclear safety situations are under control according to our inspection on the conditions of nuclear power generating units in operation in 2014 and the overall situations are under control without material and adverse changes according to our inspection on the conditions of projects under construction in 2014. Through reviewing the completion status of power generation plans for 2014 as well as internal and external efforts, the completion rate of the power generation plans was well guaranteed.

Outlook for 2015 and Important Measures

We shall continue to optimize the Company's risk management structure at standards in compliance with the best practice in the industry, to mitigate the effects of material risks on business development.

- Continue to optimize the risk management structure of the Company according to international risk management standards;
- Fulfill the management responsibility in respect of material risks, and continue to improve the performance of the closed-loop risk management mechanism;
- Continue to promote and optimize the risk management functions of subsidiaries and affiliated companies;
- Assess the risk management status of subsidiaries and affiliated companies;
- The Board will review risk management regularly.

Financial Report

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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 128 to 250, which comprise the consolidated and Company statements of financial position as at December 31, 2014, 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, 2014, 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 state of affairs of the Company and the Group as at December 31, 2014 and of the Group's profit and cash flows for the year ended December 31, 2014 in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 18, 2015

Consolidated Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2014

| | NOTES | 2014 RMB'000 | 2013 RMB'000 |
|---|-------|-----------------|-----------------|
| Revenue | 6 | 20,793,287 | 17,365,016 |
| Less: Tax surcharge | | 304,153 | 255,384 |
| Cost of sales and services | | 10,399,297 | 8,961,147 |
| Gross profit | | 10,089,837 | 8,148,485 |
| Other income | 7 | 1,799,375 | 1,505,838 |
| (Loss) gain arising from changes in fair value of derivative financial instruments | | (370,671) | 157,276 |
| Selling and distribution expenses | | (4,049) | (4,107) |
| Other expenses | | (223,246) | (175,278) |
| Administrative expenses | | (1,464,593) | (1,027,154) |
| Other gains and losses | 8 | 715,807 | (24,064) |
| Share of results of associates | | 232,871 | 148,808 |
| Share of results of joint ventures | | 228,430 | 143,516 |
| Finance costs | 9 | (3,204,153) | (2,803,588) |
| Profit before taxation | | 7,799,608 | 6,069,732 |
| Taxation | 10 | (924,828) | (998,335) |
| Profit for the year | 11 | 6,874,780 | 5,071,397 |
| Other comprehensive expenses: | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| – (Loss) gain on available-for-sale investment | | (71,423) | 62,260 |
| – Exchange differences arising on translation of a subsidiary | | 41,009 | (255,876) |
| – Income tax relating to fair value change of available-for-sale investment | | 17,856 | (15,564) |
| – Others | | (4,214) | 1,039 |
| Other comprehensive expenses for the year, net of income tax | | (16,772) | (208,141) |
| Total comprehensive income for the year | | 6,858,008 | 4,863,256 |

| | NOTES | 2014 RMB'000 | 2013 RMB'000 |
|--|-------|------------------|-----------------|
| Profit for the year attributable to: | | | |
| Owners of the Company | | 5,712,568 | 4,194,547 |
| Non-controlling interests | | 1,162,212 | 876,850 |
| | | 6,874,780 | 5,071,397 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 5,689,758 | 4,049,335 |
| Non-controlling interests | | 1,168,250 | 813,921 |
| | | 6,858,008 | 4,863,256 |
| Earnings per share attributable to owners of the Company, basic and diluted (RMB) | 13 | 0.17 | 0.15 |

Consolidated Statement of Financial Position

As at December 31, 2014

THE GROUP

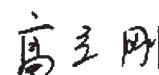
| | NOTES | 2014 RMB'000 | 2013 RMB'000 |
|--|-------|--------------------|--------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 15 | 93,982,972 | 87,041,894 |
| Intangible assets | 16 | 729,567 | 764,818 |
| Investment properties | 17 | 697,278 | 182,506 |
| Interests in associates | 19 | 7,062,093 | 6,729,540 |
| Interests in joint ventures | 20 | 4,831,016 | 4,363,726 |
| Available-for-sale investments | 21 | 2,403,648 | 2,475,071 |
| Deferred tax assets | 22 | 100,066 | 98,000 |
| Derivative financial instruments | 30 | 18,137 | 185,454 |
| Value-added tax recoverable | 27 | 2,674,502 | 2,384,560 |
| Prepaid lease payments | 23 | 1,547,862 | 1,007,152 |
| Deposits for property, plant and equipment | | 729,038 | 681,659 |
| | | 114,776,179 | 105,914,380 |
| CURRENT ASSETS | | | |
| Inventories | 24 | 9,337,359 | 8,384,295 |
| Properties under development for sale | 25 | — | 266,532 |
| Completed properties for sale | 25 | — | 46,768 |
| Prepaid lease payments | 23 | 46,381 | 34,845 |
| Trade and bills receivables | 26 | 2,346,115 | 1,629,406 |
| Prepayments and other receivables | 27 | 873,620 | 1,142,907 |
| Amount due from related parties | 28 | 530,579 | 286,262 |
| Loan to a fellow subsidiary | 29 | 180,000 | 450,000 |
| Derivative financial instruments | 30 | 34,505 | 119,880 |
| Restricted bank deposits | 31 | 8,275 | 7,132 |
| Cash and cash equivalents | 31 | 26,712,170 | 6,640,318 |
| Other deposits over three months | 31 | 2,080,900 | 2,752,446 |
| | | 42,149,904 | 21,760,791 |

| | NOTES | 2014 RMB'000 | 2013 RMB'000 |
|---|-------|--------------------|--------------------|
| CURRENT LIABILITIES | | | |
| Trade and other payables | 32 | 6,165,741 | 10,350,079 |
| Amounts due to related parties | 33 | 5,175,733 | 1,825,040 |
| Loans from ultimate holding company | 34 | 2,945,000 | 9,131,000 |
| Loans from fellow subsidiaries | 34 | 558,400 | 1,565,862 |
| Payable to ultimate holding company | 34 | 3,530,000 | — |
| Income tax payable | | 441,994 | 356,482 |
| Provisions | 38 | 770,320 | 736,819 |
| Bank borrowings - due within one year | 35 | 3,837,163 | 2,400,783 |
| Derivative financial instruments | 30 | 135,022 | 96,382 |
| | | 23,559,373 | 26,462,447 |
| NET CURRENT ASSETS/(LIABILITIES) | | 18,590,531 | (4,701,656) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 133,366,710 | 101,212,724 |
| NON-CURRENT LIABILITIES | | | |
| Bank borrowings - due after one year | 35 | 55,488,578 | 48,721,826 |
| Notes payable | 36 | 8,500,000 | 8,500,000 |
| Deferred tax liabilities | 22 | 1,285,197 | 1,199,979 |
| Deferred income | 37 | 712,323 | 618,449 |
| Provisions | 38 | 1,526,003 | 1,286,493 |
| Derivative financial instruments | 30 | 227,017 | 164,640 |
| Borrowings from a financial institution | 35 | 953,467 | — |
| Loans from fellow subsidiaries | 34 | 3,257,845 | 3,099,504 |
| Loans from ultimate holding company | 34 | — | 400,000 |
| Payables to ultimate holding company | 34 | 2,000,000 | 5,530,000 |
| | | 73,950,430 | 69,520,891 |
| NET ASSETS | | 59,416,280 | 31,691,833 |
| Capital and reserves | | | |
| Paid-in/share capital | 39 | 45,448,750 | 19,767,604 |
| Reserves | | 5,339,810 | 3,284,117 |
| Equity attributable to owners of the Company | | | |
| Equity attributable to owners of the Company | | 50,788,560 | 23,051,721 |
| Non-controlling interests | 40 | 8,627,720 | 8,640,112 |
| TOTAL EQUITY | | 59,416,280 | 31,691,833 |

The consolidated financial statements on pages 128 to 250 were approved and authorised for issue by the board of directors on March 18, 2015 and are signed on its behalf by:



DIRECTOR



DIRECTOR

Statement of Financial Position

As at December 31, 2014

THE COMPANY

| | NOTES | 2014 RMB'000 |
|--|-------|-----------------|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 15 | 16,076 |
| Intangible assets | 16 | 132,275 |
| Investments in subsidiaries | 18 | 51,794,891 |
| Investment in an associate | 19 | 1,815,809 |
| Loan to a subsidiary | 29 | 4,000,000 |
| Deposits for property, plant and equipment | | 3,052 |
| | | 57,762,103 |
| CURRENT ASSETS | | |
| Trade receivables | 26 | 164,812 |
| Prepayments and other receivables | 27 | 7,054 |
| Amounts due from related parties | 28 | 7,492,679 |
| Loans to subsidiaries | 29 | 5,125,000 |
| Cash and cash equivalents | 31 | 23,330,532 |
| Other deposits over three months | 31 | 851,800 |
| | | 36,971,877 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 32 | 391,759 |
| Amounts due to related parties | 33 | 4,001,795 |
| Loans from ultimate holding company | 34 | 800,000 |
| Loans from subsidiaries | 34 | 1,768,442 |
| Payable to ultimate holding company | 34 | 3,530,000 |
| Derivative financial instruments | 30 | 101,969 |
| | | 10,593,965 |
| NET CURRENT ASSETS | | 26,377,912 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 84,140,015 |

| | NOTES | 2014 RMB'000 |
|-------------------------------------|-------|-------------------|
| NON-CURRENT LIABILITIES | | |
| Notes payable | 36 | 8,500,000 |
| Derivative financial instruments | 30 | 174,612 |
| Payable to ultimate holding company | 34 | 2,000,000 |
| | | 10,674,612 |
| NET ASSETS | | |
| Capital and reserves | | |
| Paid-in/share capital | 39 | 45,448,750 |
| Reserves | | 28,016,653 |
| TOTAL EQUITY | | 73,465,403 |

Consolidated Statement of Changes in Equity

For the year ended December 31, 2014

THE GROUP

| | Attributable to owners of the Company | | | | | | | Non-controlling interests | Total equity |
|---|---------------------------------------|---|---|--|-----------------------------------|---------------------------------|------------------|---------------------------|--------------|
| | Paid-in/ share capital RMB'000 | Capital reserve RMB'000 (note a and c) | Investment revaluation reserve RMB'000 | Statutory surplus reserve RMB'000 (note b) | Translation reserve RMB'000 | Retained earnings RMB'000 | Total RMB'000 | | |
| At January 1, 2013 | 18,279,854 | (7,140,800) | 54,101 | 2,020,226 | (1,852,946) | 4,943,851 | 16,304,286 | 7,845,371 | 24,149,657 |
| Profit for the year | — | — | — | — | — | 4,194,547 | 4,194,547 | 876,850 | 5,071,397 |
| Other comprehensive income (expenses) for the year | — | — | 46,696 | — | (191,908) | — | (145,212) | (62,929) | (208,141) |
| Total comprehensive income (expenses) for the year | — | — | 46,696 | — | (191,908) | 4,194,547 | 4,049,335 | 813,921 | 4,863,256 |
| Capital injections | 1,487,750 | 344,121 | — | — | — | — | 1,831,871 | 876,011 | 2,707,882 |
| Deemed contribution from ultimate holding company | — | 1,623,934 | — | — | — | — | 1,623,934 | — | 1,623,934 |
| Dividend paid (note 12) | — | — | — | — | — | (757,705) | (757,705) | (895,191) | (1,652,896) |
| Transfer | — | — | — | 185,720 | — | (185,720) | — | — | — |
| At December 31, 2013 | 19,767,604 | (5,172,745) | 100,797 | 2,205,946 | (2,044,854) | 8,194,973 | 23,051,721 | 8,640,112 | 31,691,833 |
| Profit for the year | — | — | — | — | — | 5,712,568 | 5,712,568 | 1,162,212 | 6,874,780 |
| Other comprehensive (expenses) income for the year | — | — | (53,567) | — | 30,757 | — | (22,810) | 6,038 | (16,772) |
| Total comprehensive income for the year | — | — | (53,567) | — | 30,757 | 5,712,568 | 5,689,758 | 1,168,250 | 6,858,008 |
| Arising from reorganization (note 2) | 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 39) | 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 distribution to ultimate holding company | — | (3,045,646) | — | — | — | — | (3,045,646) | — | (3,045,646) |
| Dividend declared/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 | 45,448,750 | (944,161) | 47,230 | 3,525,395 | (2,014,097) | 4,725,443 | 50,788,560 | 8,627,720 | 59,416,280 |

THE COMPANY

| STATEMENT OF CHANGES IN EQUITY | Share | Capital | Statutory | Retained | Total |
|---|------------|------------|-----------|-------------|-------------|
| | capital | reserve | surplus | earnings | equity |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | (note c) | reserve | | |
| Issue of shares at March 25, 2014 (date of establishment) (note 2) | 27,904,643 | 12,520,528 | — | — | 40,425,171 |
| Capital injection | 7,395,357 | 2,728,352 | — | — | 10,123,709 |
| Issue of shares (note 39) | 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 |

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), 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. 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) Capital reserves of the Company represents the excess of fair value of assets and liabilities transferred from China General Nuclear Power Corporation (formerly known as 中國廣東核電集團有限公司 China Guangdong Nuclear Power Corporation Limited) ("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.
- (d) During the year, the Group disposed 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. Details are set out in note 47.

Consolidated Statement of Cash Flows

For the year ended December 31, 2014

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-------------------|------------------|
| Operating activities | | |
| Profit before taxation | 7,799,608 | 6,069,732 |
| Provisions for nuclear power operation | 783,216 | 745,816 |
| Depreciation of property, plant and equipment | 2,765,513 | 2,423,166 |
| Amortization of prepaid lease payments | 34,881 | 6,927 |
| Amortization of investment properties | 54,969 | 16,670 |
| Amortization of intangible assets | 83,898 | 42,922 |
| Finance costs | 3,204,153 | 2,803,588 |
| Recognition of allowance for trade and other receivables | 1,477 | 2,249 |
| Allowance for inventories | 21,809 | 45,098 |
| Loss on disposals of property, plant and equipment | 25,223 | 38,952 |
| Gain on disposal of a subsidiary | (141,443) | — |
| Unrealized fair value change in derivative financial instruments | 354,157 | (163,408) |
| Government grant related to assets | (27,934) | (19,807) |
| Interest income | (158,947) | (161,661) |
| Share of results of joint ventures | (228,430) | (143,516) |
| Share of results of associates | (232,871) | (148,808) |
| Unrealized net exchange gains | (441,529) | (316,153) |
| Operating cash flows before movements in working capital | 13,897,750 | 11,241,767 |
| Increase in inventories | (974,873) | (915,550) |
| (Increase) decrease in trade and other receivables | (392,166) | 391,627 |
| (Decrease) increase in trade and other payables | (93,306) | 508,389 |
| Decrease in nuclear power provision | (736,953) | (1,147,922) |
| Decrease in completed properties for sale | 2,283 | 48,448 |
| Increase in properties under development for sale | (5,315) | (41,906) |
| Decrease in derivative financial liabilities, net | (448) | (11,454) |
| Cash generated from operations | 11,696,972 | 10,073,399 |
| Income tax paid | (741,518) | (579,940) |
| Net cash generated from operating activities | 10,955,454 | 9,493,459 |

| | NOTE | 2014 RMB'000 | 2013 RMB'000 |
|--|------|---------------------|--------------------|
| Investing activities | | | |
| Interest received | | 158,947 | 161,661 |
| Deposit paid and purchase of property, plant and equipment | | (12,301,494) | (9,932,213) |
| Addition to intangible assets | | (156,475) | (178,527) |
| Addition to prepaid lease payments | | — | (3,696) |
| Proceeds from disposals of property, plant and equipment | | 114,298 | 8,966 |
| Proceeds from disposals of intangible assets | | 107,828 | — |
| Government grants received | | 121,808 | 193,307 |
| Placement of deposits with original maturity over three months | | (4,634,754) | (2,965,667) |
| Withdrawal of deposits with original maturity over three months | | 5,306,300 | 2,498,831 |
| Placement of restricted bank deposits | | (8,275) | (7,132) |
| Withdrawal of restricted bank deposits | | 7,132 | 14,306 |
| Repayments of entrusted loans from fellow subsidiaries | | 450,000 | 370,000 |
| Advance of entrusted loans to fellow subsidiaries | | (180,000) | (450,000) |
| Capital contributions to associates | | (260,972) | (730,528) |
| Capital contributions to joint ventures | | (366,160) | (895,644) |
| Capital contributions to an investee classified as available-for-sale investments | | — | (322,400) |
| Dividends received from associates | | 161,290 | 22,030 |
| Dividends received from a joint venture | | 127,300 | — |
| Net proceeds from disposal of a subsidiary | 47 | 70,731 | 12,296 |
| Advance to related parties | | (63,520) | (554,594) |
| Repayment from related parties | | 3,123 | 8,277,318 |
| Net cash used in investing activities | | (11,342,893) | (4,481,686) |

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-------------------|--------------------|
| Financing activities | | |
| Capital injections from non-controlling interests | 649,065 | 876,011 |
| Capital injections | 10,123,709 | 1,831,871 |
| Issue of shares upon listing, net of issuance costs | 21,603,534 | — |
| Interest paid | (4,775,385) | (5,179,248) |
| Loans from fellow subsidiaries | 4,138,400 | 3,277,488 |
| Repayments to fellow subsidiaries | (4,985,299) | (3,165,400) |
| Loans from ultimate holding company | 14,004,000 | 13,061,000 |
| Repayments to ultimate holding company | (20,590,000) | (23,298,000) |
| Proceeds from bank borrowings | 11,003,919 | 13,548,126 |
| Repayment of bank borrowings | (2,356,951) | (2,995,569) |
| Proceeds from borrowings from a financial institution | 953,467 | — |
| Dividends paid | (4,174,538) | (757,705) |
| Dividends paid to non-controlling shareholders with significant influence over the subsidiaries | (1,072,686) | (897,526) |
| Advance from related parties | 2,587,674 | 1,997,151 |
| Repayment to related parties | (6,635,388) | (2,235,180) |
| Net cash from (used in) financing activities | 20,473,521 | (3,936,981) |
| Net increase in cash and cash equivalents | 20,086,082 | 1,074,792 |
| Cash and cash equivalents at the beginning of the year | 6,640,318 | 5,434,243 |
| Effects of exchange rate changes | (14,230) | 131,283 |
| Cash and cash equivalents at the end of the year | 26,712,170 | 6,640,318 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

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 CGNPC, a state-owned enterprise in the PRC controlled by the State-Owned Assets Supervision and Administration Commission of the State Council (the “SASAC”) of the PRC Government.

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

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.

2. BASIS OF PRESENTATION (Continued)

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, 2013 and 2014 and 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, 2013 and 2014. The Company has further issued 7,395,356,630 ordinary shares of RMB1.00 per share to the shareholders of the Group at a total consideration of approximately RMB10,124 million from April 2014 to June 2014.

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 years ended December 31, 2013 and 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, 2013 and 2014, or since their respective dates of establishment or date of acquisition, where those is a shorter period. The consolidated statement of financial position as at December 31, 2013 included the assets and liabilities of the Group as if the group structure had existed on December 31, 2013.

Since part of the Nuclear Power Business was carried out by CGNPC directly during the year ended December 31, 2013 up to the date of establishment of the Company and completion of the Reorganization, to the extent the assets, liabilities, income and expenses that are directly attributable to the Nuclear Power Business, such items are included in the consolidated financial statements throughout the years ended December 31, 2013 and 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 years ended December 31, 2013 and 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 20, 2014. The revalued net assets of GNIC were recognized in the consolidated financial statements of the Group on initial adoption of International Financial Reporting Standards (“IFRSs”) 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.

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 and a new Interpretation issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after January 1, 2014.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The Group has applied the amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at January 1, 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group’s consolidated financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realisation and settlement”.

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group’s consolidated financial statements.

3. APPLICATION OF NEW AND REVISED IFRSs (Continued)

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measure at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

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

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied the amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED IFRSs (Continued)

IFRIC 21 Levies

The Group has applied IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation.

The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

IFRIC 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

| | |
|---|--|
| IFRS 9 | Financial Instruments ² |
| IFRS 14 | Regulatory Deferral Accounts ⁴ |
| IFRS 15 | Revenue from Contracts with Customers ⁶ |
| Amendment to IAS 1 | Disclosure Initiative ⁵ |
| Amendments to IAS 16 and IAS 38 | Clarification of Acceptable Methods of Depreciation and Amortization ⁵ |
| Amendments to IAS 16 and IAS 41 | Agriculture: Bearer Plants ⁵ |
| Amendments to IAS 19 | Defined Benefit Plans: Employee Contributions ¹ |
| Amendments to IAS 27 | Equity Method in Separate Financial Statements ⁵ |
| 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 27 | Investment Entities: Applying the Consolidation Exceptions ⁵ |
| Amendments to IFRS 11 | Accounting for Acquisitions of Interests in Joint Operations ⁵ |
| Amendments to IFRSs | Annual Improvements to IFRSs 2010-2012 Cycle ³ |
| Amendments to IFRSs | Annual Improvements to IFRSs 2011-2013 Cycle ¹ |
| Amendments to IFRSs | Annual Improvements to IFRSs 2012-2014 Cycle ⁵ |

¹ Effective for annual periods beginning on or after July 1, 2014

² Effective for annual periods beginning on or after January 1, 2018

³ Effective for annual periods beginning on or after July 1, 2014, with limited exceptions

⁴ Effective for first annual IFRS financial statements beginning on or after January 1, 2016

⁵ Effective for annual periods beginning on or after January 1, 2016

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

3. APPLICATION OF NEW AND REVISED IFRSs (Continued)

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for 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 by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Specifically, pursuant to IFRS 9, all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortized cost or fair value. Under IFRS 9, 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. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. Furthermore, IFRS 9 requires certain simple debt instruments to be measured at FVTOCI when certain requirements are met. 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.

In relation to the impairment of financial assets, IFRS 9 adopts 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 directors of the Company consider that the adoption of IFRS 9 in the future will affect the classification and measurement of the available-for-sale investments held by the Group and an associate and may affect the Group's financial assets including the impairment assessment but is unlikely to affect the Group's financial liabilities. However, it is not practicable to provide a reasonable estimate of the financial effect on the Group's consolidated financial statements until a detailed review has been completed.

3. APPLICATION OF NEW AND REVISED IFRSs (Continued)

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

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. 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 and by the Hong Kong Companies Ordinance which for the year ended December 31, 2014 continue to be those of the predecessor Companies Ordinance (Cap.32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap.622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 of that Ordinance.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and joint ventures (Continued)

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. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

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.

In the Company's statement of financial position, investment in an associate is stated at deemed cost less accumulated impairment, if any.

Investments in subsidiaries

The investments in subsidiaries are stated at deemed cost less accumulated impairment loss, if any.

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) 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Internally-generated intangible assets (Continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

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) and investments in subsidiaries and associates

At the end of each reporting period, the Group and the Company reviews the carrying amounts of its tangible and intangible assets as well as investment in subsidiaries and associates 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions (Continued)

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.

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated and Company statements 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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".

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.

Equity investments (other than equity investments measured at cost less impairment as described below) held by the Group that are classified as AFS financial assets are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

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.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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.

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, 2014, the carrying amounts of property, plant and equipment are approximately RMB93,982,972,000 (2013: RMB87,041,894,000).

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.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTIES (Continued)

Intangible assets (Continued)

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, 2014, the carrying amounts of intangible assets are approximately RMB729,567,000 (2013: RMB764,818,000).

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, 2014, the carrying amounts of deferred tax assets are approximately RMB100,066,000 (2013: RMB98,000,000).

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 38.

As at December 31, 2014, the carrying amounts of decommissioning provision are approximately RMB1,370,587,000 (2013: RMB1,144,158,000).

As at December 31, 2014, the carrying amounts of low and medium radioactive waste management are approximately RMB155,416,000 (2013: RMB142,335,000).

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTIES (Continued)

Fair value measurement of derivative financial instruments and available-for-sale investments

As described in notes 21 and 30, 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. For the Group's 10% equity interests in 台山核電合營有限公司 Taishan Nuclear Power Joint Venture Co., Ltd. ("Taishan Nuclear") classified as available-for-sale investments, an asset-based model is applied in measuring the fair value since the customization of the nuclear power generating unit is extensive and there were no sufficient data available to apply the market approach. In determining the fair value, the valuer takes into account the current replacement cost of the nuclear plants and equipment under construction by Taishan Nuclear. Note 42 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of these assets and liabilities. Any changes in the inputs and key assumptions to the valuation model will lead to changes in the fair value estimation of the instruments.

As at December 31, 2014, the fair values of derivative financial assets are approximately RMB52,642,000 (2013: RMB305,334,000). As at December 31, 2014, the fair values of derivative financial liabilities are approximately RMB362,039,000 (2013: RMB261,022,000). As at December 31, 2014, the fair values of available-for-sale investments are approximately RMB2,293,648,000 (2013: RMB2,365,071,000).

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:

| | 2014 RMB'000 | 2013 RMB'000 |
|----------------------|-------------------|-------------------|
| Sales of electricity | 19,327,383 | 16,267,803 |
| Service revenue | 1,213,891 | 843,393 |
| Sales of other goods | 252,013 | 253,820 |
| | 20,793,287 | 17,365,016 |

6. REVENUE AND SEGMENT INFORMATION (Continued)

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 businesses respectively. For the purpose of allocating resources and assessing performance, the CODM regularly review the Group’s revenue and 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:

| | 2014 RMB’000 | 2013 RMB’000 |
|---|-----------------|-----------------|
| Segment profit before taxation reported to the board of directors | 7,692,464 | 5,614,000 |
| Add: Unrealized (loss) gain arising from changes in fair value of derivative financial instruments | (354,157) | 163,408 |
| Add: Share of results of associates | 232,871 | 148,808 |
| Add: Share of results of joint ventures | 228,430 | 143,516 |
| Group’s profit before taxation | 7,799,608 | 6,069,732 |

Geographical information

As the Group’s operations and non-current assets are all located in the PRC, no other geographical segment information is presented.

6. REVENUE AND SEGMENT INFORMATION (Continued)**Information about major customers**

Revenue from customers of the corresponding year contributing over 10% of the total sales of the Group are as follows:

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-----------------|-----------------|
| Entities under control by the PRC Government ¹ | 16,541,509 | 13,375,541 |
| Hong Kong Nuclear Investment Co., Ltd. ("HKNIC") ² | 4,015,438 | 3,776,336 |

¹ revenue from sales of electricity, service revenue and other goods

² revenue from sales of electricity

Segment assets and liabilities

Information reported to board of directors of the Company for the purposes of resources allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

7. OTHER INCOME

| | 2014 RMB'000 | 2013 RMB'000 |
|--|------------------|------------------|
| Value-added tax refunds (note a) | 1,600,174 | 1,298,702 |
| Interest income from bank deposits | 22,791 | 15,329 |
| Interest income from fellow subsidiaries | 136,156 | 146,332 |
| Government grants | | |
| – related to expenses items (note b) | 11,414 | 19,729 |
| – related to assets (note 37) | 27,934 | 19,807 |
| Others | 906 | 5,939 |
| | 1,799,375 | 1,505,838 |

Notes:

- (a) In 2013 and 2014, GNIC, is entitled to a full refund of value-added tax for its revenue from the sales of electricity to a grid company. In addition, subsidiaries of the Company, including 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”), are entitled to the value-added tax refund of 75% for the first five years, 70% for the second five years and 55% for the third five 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, 2014, which had no conditions imposed by the respective PRC government authorities.

8. OTHER GAINS AND LOSSES

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| Net foreign exchange gains | 608,730 | 29,033 |
| Gain from disposal of subsidiary (note 47) | 141,443 | — |
| Recognition of allowance for trade and other receivables (note 26) | (1,477) | (2,249) |
| Loss on disposals of property, plant and equipment | (25,223) | (38,952) |
| Others | (7,666) | (11,896) |
| | 715,807 | (24,064) |

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9. FINANCE COSTS

| | 2014 RMB'000 | 2013 RMB'000 |
|---|------------------|------------------|
| Interest on bank borrowings | | |
| – wholly repayable within five years | 1,495,640 | 1,792,408 |
| – not wholly repayable within five years | 1,931,733 | 1,891,343 |
| Interest on borrowings from a financial institution | | |
| – wholly repayable within five years | 24,590 | — |
| Interest on notes payable | | |
| – wholly repayable within five years | 180,000 | 180,000 |
| – not wholly repayable within five years | 235,518 | 235,389 |
| Interest on loans from ultimate holding company | | |
| wholly repayable within five years | 346,497 | 545,518 |
| Interest on long term payables to ultimate holding company | | |
| wholly repayable within five years | 273,743 | 272,918 |
| Interest on loans from fellow subsidiaries | | |
| – wholly repayable within five years | 152,030 | 127,263 |
| – not wholly repayable within five years | 138,153 | 136,795 |
| Interests relating to provision for nuclear power plant decommissioning | 87,709 | 76,048 |
| Total interest expenses | 4,865,613 | 5,257,682 |
| Less: capitalized in construction in progress | (1,661,460) | (2,454,094) |
| Total finance costs | 3,204,153 | 2,803,588 |

Borrowing costs were capitalized to the construction of the nuclear power plants based on the effective interest rates of bank and other borrowings obtained specifically for the construction work.

10. TAXATION

| | 2014 RMB'000 | 2013 RMB'000 |
|-------------------------------------|-----------------|-----------------|
| Current tax: | | |
| – PRC Enterprise Income Tax (“EIT”) | 912,447 | 753,693 |
| – Under-provision in prior years | — | 7,691 |
| – Over-provision in prior years | (85,417) | — |
| Deferred taxation (note 22): | | |
| – Current year | 97,798 | 236,951 |
| Taxation | 924,828 | 998,335 |

PRC 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”) 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 two years ended December 31, 2014.

Lingdong Nuclear, being enterprise engaged in public infrastructure project, was entitled to tax holiday of three years 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 year revenue of public infrastructure project should be based on individual reactor project instead of the legal entity as a whole. Since the first revenue generating year of second reactor project of Lingdong Nuclear commenced in 2011, the second reactor project is therefore entitled to enjoy tax holiday in 2013 instead of 50% exemption, resulting in over-provision of EIT in 2013.

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 followed by 50% exemption for the next three years commencing from 2014, which was the first revenue generating year of Yangjiang Nuclear’s first reactor.

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. 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.

中科華核電技術研究院有限公司 China Nuclear Power Technology Research Institute (“CNPRI”) was approved to enjoy the preferential tax rate of 15% in accordance with the relevant EIT laws and regulations from 2012. Therefore, the applicable tax rate for CNPRI was 15% in 2013 and 2014.

Details of the deferred taxation are set out in note 22.

Notes to the Consolidated Financial Statements

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10. TAXATION (continued)

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:

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| Profit before taxation | 7,799,608 | 6,069,732 |
| Tax at the applicable tax rate of 25% | 1,949,902 | 1,517,433 |
| Tax effect of expenses not deductible for tax purpose (note a) | 109,767 | 307,382 |
| Tax effect of value-added tax refunds not taxable for tax purpose (note b) | (315,348) | (244,797) |
| Tax effect of income not taxable for tax purpose | (851) | — |
| Tax effect of share of results of associates | (58,218) | (37,202) |
| Tax effect of share of results of joint ventures | (57,108) | (35,879) |
| Tax effect of tax losses not recognized | 134,393 | 5,200 |
| Utilization of tax losses previously not recognized | (4,645) | (2,036) |
| Additional tax benefit on research and development expenses | (8,368) | (10,830) |
| Effect of tax exemption and relief granted to PRC subsidiaries | (735,473) | (524,410) |
| Under-provision of EIT in prior years | — | 7,691 |
| Over-provision of EIT in prior years | (85,417) | — |
| Others | (3,806) | 15,783 |
| | 924,828 | 998,335 |

Notes:

- (a) Non-deductible expenses for the year ended December 31, 2013 and 2014 mainly represent interest expenses incurred by the ultimate holding company, which are directly attributable to the Nuclear Power Business as explained in note 2. Since the ultimate holding company had no taxable profit generated in 2013 and up to establishment of the Company, those amounts were classified as non-deductible expenses in the consolidated financial statements.
- (b) 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 value-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):

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-----------------|-----------------|
| Directors' emoluments (note 14) | 3,389 | — |
| Other staff costs: | | |
| Salaries and other benefits | 2,583,023 | 2,155,003 |
| Retirement benefit scheme contributions | 140,396 | 119,131 |
| Total staff costs | 2,726,808 | 2,274,134 |
| Less: Capitalized in construction in progress | (316,047) | (308,290) |
| Less: Capitalized in intangible assets | (66,399) | (50,840) |
| | 2,344,362 | 1,915,004 |
| Depreciation and amortization of: | | |
| – Property, plant and equipment | 2,899,484 | 2,460,934 |
| Less: Capitalized in construction in progress | (133,971) | (37,768) |
| | 2,765,513 | 2,423,166 |
| – Intangible assets | 83,898 | 42,922 |
| – Investment properties | 54,969 | 16,670 |
| – Prepaid lease payments | 46,381 | 34,845 |
| Less: Capitalized in construction in progress | (11,500) | (27,918) |
| | 34,881 | 6,927 |
| | 2,939,261 | 2,489,685 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

11. PROFIT FOR THE YEAR (Continued)

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-----------------|-----------------|
| Auditor's remuneration | 5,300 | 1,558 |
| Listing expenses and professional fee (included in other expenses) | 26,496 | 16,322 |
| Recognition of allowance on: | | |
| – Inventories | 21,809 | 45,098 |
| – Trade and other receivables | 1,477 | 2,249 |
| Cost of inventories recognized as expenses | 8,642,019 | 7,426,622 |
| Gross rental income from investment properties | (18,578) | (18,556) |
| Less: Direct operating expenses incurred for investment properties that generated rental income | 56,009 | 18,774 |
| | 37,431 | 218 |
| Research and development expenses (note a) | 196,750 | 158,956 |
| Provision for spent fuel management (included in cost of sales) | 770,454 | 731,817 |
| Provision for low and medium level radioactive waste management (included in cost of sales) | 12,762 | 13,999 |
| Operating lease rentals in respect of rented premises | 45,948 | 30,678 |

Note:

- (a) 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:

| | 2014 RMB'000 | 2013 RMB'000 |
|---|------------------|------------------|
| The Company (note) | 3,688,111 | — |
| GNIC | 2,763,178 | — |
| GNPJVC | 1,335,318 | 633,155 |
| Ling'ao Nuclear | 985,332 | — |
| Lingdong Nuclear | 373,223 | — |
| 中廣核核電投資有限公司 | | |
| CGN Nuclear Power Investment Co., Ltd. ("CGN Investment") | 228,850 | 913,344 |
| 中廣核寧核投資有限公司 | | |
| CGN Ninghe Investment Co., Ltd. ("CGN Ninghe Investment") | 88,949 | — |
| Yangjiang Nuclear | 63,673 | — |
| 中廣核核電運營有限公司 | | |
| China Nuclear Power Operations Co, Ltd. ("CGN operation") | 31,453 | — |
| CNPRI | 12,792 | — |
| Others | 29,106 | 106,397 |
| | 9,599,985 | 1,652,896 |
| Analysed for financial reporting purpose: | | |
| – Dividends paid to shareholders | 7,862,649 | 757,705 |
| – Dividends paid to non-controlling shareholders | 1,737,336 | 895,191 |
| | 9,599,985 | 1,652,896 |

Subsequent to the end of the reporting period, a final dividend of RMB0.0025 per share in respect of the year ended December 31, 2014 amounting to approximately RMB113,622,000 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.

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").

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 on the assumption that the Reorganization had been effective since January 1, 2013.

| | 2014 | 2013 |
|--|-----------|-----------|
| Profit attributable to the owners of the Company (RMB'000) | 5,712,568 | 4,194,547 |
| Weighted average number of ordinary shares (in million) | 33,306 | 27,369 |
| Basic earnings per share (RMB) | 0.17 | 0.15 |

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 RMB0.17 per share because the over-allotment option has no significant impact on the computation of diluted earnings per share. The Group had no potential ordinary share in issue during the year ended December 31, 2013.

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:

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-----------------|-----------------|
| Directors' fee | 1,129 | — |
| Salaries and other allowances | 1,120 | — |
| Discretionary bonus | 996 | — |
| Retirement benefit scheme contributions | 144 | — |
| Total | 3,389 | — |

14. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (Continued)

| | Directors' fee 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 |

The executive directors, non-executive directors, independent non-executive directors, supervisors and chief executive officer were appointed on March 25, 2014.

During the year, Zhang Shanming, Zhang Weiqing and Shi Bing, Li Yourong and Chen Sui 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 China Nuclear 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.

14. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS (Continued)

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:

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-----------------|-----------------|
| Salaries and other allowances (note) | 3,726 | 3,641 |
| Discretionary bonus | 3,603 | 2,930 |
| Retirement benefit scheme contributions | 359 | 386 |
| | 7,688 | 6,957 |

Note: Salaries and other allowances included mainly basic salaries and travel allowance.

Their emoluments are within the following bands:

| | 2014 | 2013 |
|--------------------------------|------|------|
| 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 2014 and 2013, 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 2014 and 2013.

15. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

| | 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 |
|-------------------------------------|----------------------|----------------------------------|-----------------------------------|------------------------------|--|--|------------------|
| COST | | | | | | | |
| At January 1, 2013 | 13,494,898 | 66,644,683 | 433,783 | 70,553 | 1,081,070 | 33,463,096 | 115,188,083 |
| Additions | 5,493 | 157,549 | 26,637 | 12,554 | 163,434 | 10,114,347 | 10,480,014 |
| Transfer | 182,140 | 220,529 | 10,604 | 1,552 | 79,911 | (494,736) | — |
| Disposal of a subsidiary (note 47) | (2,541) | — | — | — | — | — | (2,541) |
| Transfer to investment properties | (1,646) | — | — | — | — | — | (1,646) |
| Disposals | (6,810) | (147,033) | (84) | (2,875) | (39,029) | — | (195,831) |
| Exchange differences | (133,750) | (630,385) | — | (136) | (7,217) | (4,069) | (775,557) |
| At December 31, 2013 | 13,537,784 | 66,245,343 | 470,940 | 81,648 | 1,278,169 | 43,078,638 | 124,692,522 |
| Additions | 16,773 | 64,832 | 39,868 | 4,996 | 117,929 | 9,642,970 | 9,887,368 |
| Transfer from investment properties | 24,125 | — | — | — | — | — | 24,125 |
| Transfer | 5,018,251 | 12,815,526 | 107,437 | — | 19,895 | (17,961,109) | — |
| Revaluation (note 2) | 17,294 | — | — | (1,869) | (14,829) | — | 596 |
| Disposals | (22,463) | (446,265) | (4,474) | (5,008) | (74,631) | — | (552,841) |
| Disposal of a subsidiary (note 47) | — | — | — | — | (141) | — | (141) |
| Exchange differences | 15,648 | 73,825 | — | 193 | 899 | 253 | 90,818 |
| At December 31, 2014 | 18,607,412 | 78,753,261 | 613,771 | 79,960 | 1,327,291 | 34,760,752 | 134,142,447 |

15. PROPERTY, PLANT AND EQUIPMENT (Continued)**THE GROUP** (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, 2013 | 5,781,259 | 29,422,443 | 143,910 | 50,786 | 605,156 | — | 36,003,554 |
| Provided for the year | 422,533 | 1,805,719 | 36,553 | 6,008 | 190,121 | — | 2,460,934 |
| Eliminated on disposal of a subsidiary (note 47) | (641) | — | — | — | — | — | (641) |
| Eliminated on disposals | (4,363) | (104,721) | (32) | (2,826) | (35,971) | — | (147,913) |
| Transfer to investment properties | (528) | — | — | — | — | — | (528) |
| Exchange differences | (113,527) | (546,232) | — | (118) | (4,901) | — | (664,778) |
| At December 31, 2013 | 6,084,733 | 30,577,209 | 180,431 | 53,850 | 754,405 | — | 37,650,628 |
| Provided for the year | 513,561 | 2,145,057 | 52,603 | 7,568 | 180,695 | — | 2,899,484 |
| Transfer from investment properties | 3,045 | — | — | — | — | — | 3,045 |
| Eliminated on disposals | (9,951) | (332,128) | (1,134) | (4,862) | (65,245) | — | (413,320) |
| Eliminated on disposal of a subsidiary (note 47) | — | — | — | — | (36) | — | (36) |
| Eliminated on revaluation (note 2) | (19,990) | — | — | (2,715) | (15,928) | — | (38,633) |
| Exchange differences | 13,320 | 44,150 | — | 186 | 651 | — | 58,307 |
| At December 31, 2014 | 6,584,718 | 32,434,288 | 231,900 | 54,027 | 854,542 | — | 40,159,475 |
| CARRYING VALUES | | | | | | | |
| At December 31, 2014 | 12,022,694 | 46,318,973 | 381,871 | 25,933 | 472,749 | 34,760,752 | 93,982,972 |
| At December 31, 2013 | 7,453,051 | 35,668,134 | 290,509 | 27,798 | 523,764 | 43,078,638 | 87,041,894 |

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

THE COMPANY

| | Office and electronic equipment RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|---|--|--|------------------|
| COST | | | |
| At March 25, 2014 (date of establishment) | — | — | — |
| Additions | 5,021 | 11,136 | 16,157 |
| At December 31, 2014 | 5,021 | 11,136 | 16,157 |
| DEPRECIATION AND IMPAIRMENT | | | |
| At March 25, 2014 (date of establishment) | — | — | — |
| Provided for the period | 81 | — | 81 |
| At December 31, 2014 | 81 | — | 81 |
| CARRYING VALUES | | | |
| At December 31, 2014 | 4,940 | 11,136 | 16,076 |

All the buildings are situated on land in the PRC under medium-term lease.

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, 2014, the Group pledged nuclear facilities with carrying values of approximately RMB19,533,805,000 (2013: RMB18,732,049,000) to secure loan facilities granted to the Group. Details of pledge of assets are set out in note 45.

As at December 31, 2014, buildings with carrying amount of approximately RMB261,277,000 (2013: RMB128,479,000), are without property certificates. The Group is in the process of obtaining the property certificates.

For the year ended December 31, 2014

16. INTANGIBLE ASSETS

THE GROUP

| | AP1000 and related technology RMB'000 | Fuel reloading technology RMB'000 | Facilitation and related costs RMB'000 | Total RMB'000 |
|-----------------------------|--|--|---|------------------|
| COST | | | | |
| At January 1, 2013 | 196,125 | 68,462 | 675,755 | 940,342 |
| Additions | 171,554 | — | 6,973 | 178,527 |
| At December 31, 2013 | 367,679 | 68,462 | 682,728 | 1,118,869 |
| Additions | 91,619 | 54,500 | 10,356 | 156,475 |
| Disposal | (107,828) | — | — | (107,828) |
| At December 31, 2014 | 351,470 | 122,962 | 693,084 | 1,167,516 |
| AMORTIZATION | | | | |
| At January 1, 2013 | — | 25,466 | 285,663 | 311,129 |
| Provided for the year | — | 6,654 | 36,268 | 42,922 |
| At December 31, 2013 | — | 32,120 | 321,931 | 354,051 |
| Provided for the year | — | 15,262 | 68,636 | 83,898 |
| At December 31, 2014 | — | 47,382 | 390,567 | 437,949 |
| CARRYING VALUES | | | | |
| At December 31, 2014 | 351,470 | 75,580 | 302,517 | 729,567 |
| At December 31, 2013 | 367,679 | 36,342 | 360,797 | 764,818 |

16. INTANGIBLE ASSETS (Continued)

THE COMPANY

| | AP1000 and related technology RMB'000 |
|---|--|
| COST | |
| At March 25, 2014 (date of establishment) | — |
| Transfer from ultimate holding company | 128,470 |
| Addition | 3,805 |
| At December 31, 2014 | 132,275 |
| CARRYING VALUE | |
| At December 31, 2014 | 132,275 |

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 years ended December 31, 2013 and 2014. 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.

17. INVESTMENT PROPERTIES

THE GROUP

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-----------------|-----------------|
| COST | | |
| At the beginning of the year | 424,000 | 424,667 |
| Transfer from property, plant and equipment | — | 1,646 |
| Revaluation (note 2) | 405,502 | — |
| Transfer to property, plant and equipment | (24,125) | — |
| Exchange differences | 271 | (2,313) |
| At the end of the year | 805,648 | 424,000 |
| ACCUMULATED DEPRECIATION | | |
| At the beginning of the year | 241,494 | 226,151 |
| Transfer from property, plant and equipment | — | 528 |
| Provided for the year | 54,969 | 16,670 |
| Eliminated on revaluation (note 2) | (185,277) | — |
| Transfer to property, plant and equipment | (3,045) | — |
| Exchange differences | 229 | (1,855) |
| At the end of the year | 108,370 | 241,494 |
| CARRYING VALUES | 697,278 | 182,506 |

At December 31, 2014, the fair values of the Group's investment properties were approximately RMB851,829,000 (2013: RMB868,223,000). 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 adjust 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.

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 under medium-term lease. The carrying amount of investment properties included the Group's leasehold interest in land 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.

17. INVESTMENT PROPERTIES (Continued)

Details of the Group's investment properties and information about the fair value hierarchy as at are as follow:

| | 2014 RMB'000 | 2013 RMB'000 | Fair value hierarchy |
|--|-----------------|-----------------|-------------------------|
| Commercial building units located in PRC | | | |
| Shenzhen Futian District | 783,539 | 805,553 | Level 3 |
| Beijing Haidian District | 28,282 | 22,127 | Level 3 |
| Shenzhen Luohu District | 40,008 | 40,543 | Level 3 |

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 |

18. INVESTMENTS IN SUBSIDIARIES

THE COMPANY

| | 2014 RMB'000 |
|--|-----------------|
| Unlisted investments – fair value as deemed cost | 51,794,891 |

The fair value on initial recognition amounting to RMB50,378,607,000 is determined based on a valuation conducted by China Enterprise Appraisals Co., Ltd. as at March 31, 2013. Information of China Enterprise Appraisals Co., Ltd. is set out in note 17. In addition, the Company has made capital injection amounting to RMB1,416,284,000 to its subsidiaries from April 2014 to December 2014.

19. INTERESTS IN ASSOCIATES

THE GROUP

| | 2014 RMB'000 | 2013 RMB'000 |
|--|------------------|-----------------|
| Unlisted cost of interests in associates | 6,992,723 | 6,731,751 |
| Share of post-acquisition profits (losses) net of dividends received | 69,370 | (2,211) |
| | 7,062,093 | 6,729,540 |

THE COMPANY

| | 2014 RMB'000 |
|---|------------------|
| Unlisted investment in an associate – fair value as deemed cost | 1,815,809 |

The fair value on initial recognition amounting to RMB1,716,863,000 is determined based on a valuation conducted by China Enterprise Appraisals Co., Ltd. as at March 31, 2013. Information of China Enterprise Appraisals Co., Ltd. is set out in note 17. In addition, the Company has made capital injection amounting to RMB75,545,000 and RMB23,401,000 to 中廣核一期產業投資基金有限公司 CGN Industry Investment Fund Phase I Co., Ltd. ("CGN Fund Phase I") on May 9, 2014 and August 26, 2014.

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 | |
|--|---|--------------------------------------|--|--------|
| | | | 2014 | 2013 |
| 遼寧紅沿河核電有限公司 Liaoning Hongyanhe Nuclear Power Co., Ltd. ("Hongyanhe Nuclear") | Nuclear power generation which commenced operation in June 2013 | PRC | 45.00% | 45.00% |
| CGN Fund Phase I* | Investment holding | PRC | 31.43% | 31.43% |

* directly held by the Company

19. INTERESTS IN ASSOCIATES (Continued)

The summarized financial information in respect of the each of the Group's material associate which are accounted for using the equity accounting method and prepared using IFRSs are set out below.

Hongyanhe Nuclear

| | 2014 RMB'000 | 2013 RMB'000 |
|-------------------------|-----------------|-----------------|
| Current assets | 4,245,874 | 3,428,120 |
| Non-current assets | 55,796,636 | 52,999,606 |
| Current liabilities | 10,554,956 | 17,310,059 |
| Non-current liabilities | 38,142,863 | 28,078,537 |

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| Revenue | 3,719,574 | 1,772,807 |
| Profit and total comprehensive income for the year | 316,011 | 227,584 |
| Dividend received from associate | 107,979 | — |

Reconciliation of the above summarised financial information to the carrying amount of the Group's interest in Hongyanhe Nuclear recognized in the consolidated financial statements:

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| Net assets of the associate | 11,344,691 | 11,039,130 |
| Proportion of the Group's interest in Hongyanhe Nuclear | 45.00% | 45.00% |
| Unrealised profit | (52,901) | (54,309) |
| Carrying amount of the Group's interest in Hongyanhe Nuclear | 5,052,210 | 4,913,300 |

19. INTERESTS IN ASSOCIATES (Continued)

CGN Fund Phase I

| | 2014 RMB'000 | 2013 RMB'000 |
|---------------------------|-----------------|-----------------|
| Current assets | 337,570 | 242,875 |
| Non-current assets (note) | 5,298,297 | 4,963,252 |
| Current liabilities | 134 | 1,090 |
| 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.

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| Revenue | — | — |
| Profit and total comprehensive income for the year | 284,623 | 187,497 |
| Dividend received from associate | 53,035 | 19,935 |

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:

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-----------------|-----------------|
| Net assets of the associate | 5,635,733 | 5,205,037 |
| Proportion of the Group's interest in CGN Fund Phase I | 31.43% | 31.43% |
| Surplus on disposal (note) | (62,031) | (62,031) |
| Carrying amount of the Group's interest in CGN Fund Phase I | 1,709,280 | 1,573,912 |

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.

19. INTERESTS IN ASSOCIATES (Continued)

Aggregate information of associates that are not individually material

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| The Group's share of losses and other comprehensive expenses | (199) | (12,534) |
| Dividend received from associates | 276 | 2,095 |
| | | |
| | 2014 RMB'000 | 2013 RMB'000 |
| Aggregate carrying amount of the Group's interests in these associates | 300,603 | 242,328 |

These individually immaterial associates are principally involved in manufacturing of steel tube and investment in mineral exploration project in the PRC.

20. INTERESTS IN JOINT VENTURES

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-----------------|-----------------|
| Cost of interests in joint ventures - unlisted | 4,669,680 | 4,303,520 |
| Share of post-acquisition profits net of dividends received | 161,336 | 60,206 |
| | 4,831,016 | 4,363,726 |

20. 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 | |
|--|--|--------------------------------------|--|--------|
| | | | 2014 | 2013 |
| 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 venturer. 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 summarised 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.

Ningde Nuclear

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-----------------|-----------------|
| Current assets | 4,947,878 | 4,308,603 |
| Non-current assets | 49,405,467 | 46,152,050 |
| Current liabilities | 7,018,239 | 9,383,684 |
| Non-current liabilities | 36,744,453 | 31,496,152 |
| The above amounts of assets and liabilities include the following: | | |
| Cash and cash equivalents | 377,535 | 872,270 |
| Current financial liabilities (excluding trade and other payables and provisions) | 6,215,414 | 8,259,900 |
| Non-current financial liabilities (excluding provisions) | 36,521,084 | 31,363,333 |

20. INTERESTS IN JOINT VENTURES (Continued)**Ningde Nuclear** (Continued)

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-----------------|-----------------|
| Revenue | 3,981,182 | 2,160,281 |
| Profit and total comprehensive income for the year | 490,576 | 307,126 |
| Dividends received from the joint venture | 127,300 | — |
| The above profit for the year includes the following: | | |
| Depreciation and amortization | 672,346 | 342,189 |
| Interest income | 3,557 | 2,015 |
| Finance costs | 1,249,857 | 700,113 |
| Taxation | — | — |

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:

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-----------------|-----------------|
| Net assets of the joint venture | 10,590,653 | 9,580,817 |
| Proportion of the Group's interest in Ningde Nuclear | 46.00% | 46.00% |
| Unrealized profit | (56,302) | (57,815) |
| Carrying amount of the Group's interest in Ningde Nuclear | 4,815,398 | 4,349,361 |

Aggregate information of a joint venture that is not individually material

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| The Group's share of profit and total comprehensive income | 1,252 | 2,238 |
| | 2014 RMB'000 | 2013 RMB'000 |
| Aggregate carrying amount of the Group's interests in these joint ventures | 15,618 | 14,365 |

21. AVAILABLE-FOR-SALE INVESTMENTS

THE GROUP

| | 2014 RMB'000 | 2013 RMB'000 |
|--|------------------|------------------|
| Unlisted investment, at cost | | |
| – 15% equity interests in 中核能源科技有限公司 (note a) | 110,000 | 110,000 |
| Unlisted investment, at fair value | | |
| – 10% equity interests in Taishan Nuclear (note b) | 2,293,648 | 2,365,071 |
| | 2,403,648 | 2,475,071 |

Notes:

- (a) 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.
- (b) The fair value was determined using an asset-based model. These equity interests were pledged to secure loan facilities of Taishan Nuclear as at December 31, 2013 and 2014. Details of pledged of assets are set out in note 45.

22. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the year:

THE GROUP

| Deferred tax assets (liabilities) | Unrealized profit RMB'000 | Receipt in advance RMB'000 | Decelerated depreciation on property, plant and equipment RMB'000 | Available for-sale investments 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, 2013 | 76,935 | 5,265 | 3 | (76,603) | (12,550) | (869,028) | 1,340 | (874,638) |
| Credit (charge) to profit or loss | 5,847 | 1,268 | 5,655 | — | 1,082 | (252,490) | 1,687 | (236,951) |
| Credit to other comprehensive income | — | — | — | (15,564) | — | — | — | (15,564) |
| Exchange differences | — | — | — | — | — | 25,174 | — | 25,174 |
| At December 31, 2013 | 82,782 | 6,533 | 5,658 | (92,167) | (11,468) | (1,096,344) | 3,027 | (1,101,979) |
| Credit (charge) to profit or loss | 8,536 | (3,275) | (5,658) | — | 9,246 | (109,110) | 2,463 | (97,798) |
| Credit to other comprehensive income | — | — | — | 17,856 | — | — | — | 17,856 |
| Exchange differences | — | — | — | — | — | (3,210) | — | (3,210) |
| At December 31, 2014 | 91,318 | 3,258 | — | (74,311) | (2,222) | (1,208,664) | 5,490 | (1,185,131) |

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For the year ended December 31, 2014

22. DEFERRED TAXATION (Continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

| | 2014 RMB'000 | 2013 RMB'000 |
|--------------------------|-----------------|-----------------|
| Deferred tax assets | 100,066 | 98,000 |
| Deferred tax liabilities | (1,285,197) | (1,199,979) |
| | (1,185,131) | (1,101,979) |

Details of tax losses not recognized at the end of the reporting period are set out below:

| | 2014 RMB'000 | 2013 RMB'000 |
|------------|-----------------|-----------------|
| Tax losses | 548,595 | 29,604 |

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:

| | 2014 RMB'000 | 2013 RMB'000 |
|------|-----------------|-----------------|
| 2016 | 3,268 | 4,617 |
| 2017 | 4,185 | 4,185 |
| 2018 | 3,570 | 20,802 |
| 2019 | 537,572 | — |
| | 548,595 | 29,604 |

23. PREPAID LEASE PAYMENTS

THE GROUP

| | 2014 RMB'000 | 2013 RMB'000 |
|-------------------------------------|------------------|------------------|
| Land use rights in PRC | | |
| Medium-term lease | 1,594,243 | 1,041,997 |
| Analyzed for reporting purposes as: | | |
| Current assets | 46,381 | 34,845 |
| Non-current assets | 1,547,862 | 1,007,152 |
| | 1,594,243 | 1,041,997 |

As part of the Reorganization, certain prepaid lease payments were revalued upwards by approximately RMB598,125,000 in March 2014. Details are disclosed in note 2.

The prepaid lease payments represented land use rights in the PRC held under medium-term leases of 20 to 50 years.

At December 31, 2014, the Group pledged leasehold land with carrying values of RMB29,621,000 (2013: RMB30,920,000) to secure loan facilities. Details of pledge of assets are set out in note 45.

At December 31, 2014, the Group is still in the process of obtaining the land use right certificate with carrying amount of RMB6,283,000 (2013: RMB5,192,000).

24. INVENTORIES

THE GROUP

| | 2014 RMB'000 | 2013 RMB'000 |
|--------------------------------|------------------|------------------|
| Nuclear fuel | 7,449,792 | 6,637,835 |
| Materials and consumable parts | 1,880,488 | 1,743,892 |
| Others | 7,079 | 2,568 |
| | 9,337,359 | 8,384,295 |

25. PROPERTIES UNDER DEVELOPMENT/COMPLETED PROPERTIES FOR SALE

In 2013, the Group's properties under development and completed properties for sales were situated in the PRC held under medium-term lease.

During the year, the Group disposed of its 70% equity interest in Yangjiang Site Development to a fellow subsidiary and thereafter, the Group had no properties under development/completed properties for sale. Details of the transaction are set out in note 47.

26. TRADE AND BILLS RECEIVABLES

THE GROUP

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| Amounts due from third parties | 1,755,982 | 1,402,662 |
| Less: allowance of doubtful debts | (8,120) | (6,643) |
| | 1,747,862 | 1,396,019 |
| Amount due from ultimate holding company | 9,523 | 5,990 |
| Amounts due from joint ventures | 101,318 | 13,995 |
| Amounts due from associates | 81,757 | 26,739 |
| Amounts due from fellow subsidiaries | 181,477 | 99,548 |
| Amount due from a non-controlling shareholder with significant influence over the relevant subsidiary | 218,612 | 79,182 |
| Bills receivables | 5,566 | 7,933 |
| Total trade and bills receivables | 2,346,115 | 1,629,406 |

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:

| | 2014 RMB'000 | 2013 RMB'000 |
|--------------------|-----------------|-----------------|
| 1 day to 30 days | 2,104,787 | 1,465,365 |
| 31 days to 1 year | 200,281 | 141,625 |
| 1 year to 2 years | 34,367 | 15,165 |
| 2 years to 3 years | 2,188 | 5,381 |
| Over 3 years | 4,492 | 1,870 |
| | 2,346,115 | 1,629,406 |

26. TRADE AND BILLS RECEIVABLES (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, 2014, except for an amount of RMB8,120,000 (2013: RMB6,643,000) aged above one year which are past due and fully impaired as the recoverability is considered as unlikely, trade receivables amounting to RMB1,747,862,000 (2013: RMB1,396,019,000) 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:

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-----------------|-----------------|
| At the beginning of the year | 6,643 | 4,394 |
| Impairment losses recognised on receivables | 1,477 | 2,249 |
| At the end of the year | 8,120 | 6,643 |

The Group pledged trade receivables from grid companies resulting from the pledge of tariff collection rights with carrying amount of approximately RMB1,191,128,000 (2013: RMB959,983,000) 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 45.

Trade receivables denominated in currencies other than the functional currencies of the relevant group entities are set out below:

| | 2014 RMB'000 | 2013 RMB'000 |
|--------------------------|-----------------|-----------------|
| USD | 218,612 | 79,182 |
| European Dollar ("EURO") | 20,361 | 21,527 |
| | 238,973 | 100,709 |

26. TRADE AND BILLS RECEIVABLES (Continued)**THE COMPANY**

| | 2014 RMB'000 |
|--|-----------------|
| Amount due from ultimate holding company | 4,045 |
| Amount due from a joint venture | 17,107 |
| Amount due from an associate | 10,328 |
| Amounts due from fellow subsidiaries | 81,900 |
| Amounts due from subsidiaries | 51,432 |
| Total trade receivables | 164,812 |

The Company has not granted any credit period and all the balances are past due but not impaired and aged within one year.

27. PREPAYMENTS AND OTHER RECEIVABLES**THE GROUP**

| | 2014 RMB'000 | 2013 RMB'000 |
|---|------------------|------------------|
| Value-added tax recoverable | 3,130,587 | 2,861,128 |
| Prepayments to third parties for materials and consumable parts | 236,028 | 588,592 |
| Prepayments to fellow subsidiaries for nuclear materials | 110,294 | 12,391 |
| Others | 71,213 | 65,356 |
| | 3,548,122 | 3,527,467 |
| Analysed for financial reporting purpose: | | |
| Non-current (note) | 2,674,502 | 2,384,560 |
| Current | 873,620 | 1,142,907 |
| | 3,548,122 | 3,527,467 |

Note: The amount represents value-added tax that is not expected to be utilized within one year from the end of respective reporting period.

THE COMPANY

| | 2014 RMB'000 |
|-----------------------------|-----------------|
| Prepayments to a subsidiary | 4,167 |
| Others | 2,887 |
| | 7,054 |

28. AMOUNTS DUE FROM RELATED PARTIES

THE GROUP

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-----------------|-----------------|
| Other receivables from ultimate holding company | 79,336 | 20,183 |
| Other receivables from fellow subsidiaries | 450,360 | 262,073 |
| Other receivables from associates | 279 | 398 |
| Other receivables from joint ventures | 604 | 3,608 |
| | 530,579 | 286,262 |

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 reporting period.

THE COMPANY

| | 2014 RMB'000 |
|--|------------------|
| Dividends receivable from subsidiaries | 4,919,385 |
| Amounts due from fellow subsidiaries | 34,427 |
| Amounts due from subsidiaries | 2,538,867 |
| | 7,492,679 |

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 reporting period.

29. LOANS TO A FELLOW SUBSIDIARY/LOANS TO SUBSIDIARIES

THE GROUP

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-----------------|-----------------|
| 中廣核能源開發有限責任公司 CGN Energy Development Co., Ltd. | 180,000 | 450,000 |

29. LOANS TO A FELLOW SUBSIDIARY/LOANS TO SUBSIDIARIES

(Continued)

THE GROUP (Continued)

The amounts represent 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 and were repayable within twelve months from the end of the respective reporting period and denominated in RMB, foreign currency of the group entity.

THE COMPANY

The loans to subsidiaries of RMB5,125,000,000 are unsecured, carried fixed interests from 5.02% to 6.00% per annum and are repayable from May 9, 2015 to December 30, 2015.

The loan to a subsidiary of RMB4,000,000,000 is unsecured, carried fixed interests of 4.12% per annum and is repayable on November 11, 2017.

30. DERIVATIVE FINANCIAL INSTRUMENTS

THE GROUP

| | 2014 | | 2013 | |
|---|-------------------|------------------------|-------------------|------------------------|
| | Assets RMB'000 | Liabilities RMB'000 | Assets RMB'000 | Liabilities RMB'000 |
| Foreign currency forward contracts | 33,409 | 27,577 | 127,223 | — |
| Currency swap contracts | 19,099 | 53,869 | 178,111 | 2,912 |
| Interest rate swap contracts | 134 | 280,593 | — | 258,110 |
| | 52,642 | 362,039 | 305,334 | 261,022 |
| Analysed for financial reporting purpose based on remaining contractual maturity: | | | | |
| Non-current | 18,137 | 227,017 | 185,454 | 164,640 |
| Current | 34,505 | 135,022 | 119,880 | 96,382 |
| | 52,642 | 362,039 | 305,334 | 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 42. The address of Asset Appraisal Limited is Room 901, 9/F, On Hong Commercial Building, 145 Hennessy Road, Wan Chai, Hong Kong.

30. 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, 2014 | | |
| Buy EURO40,000,000 | 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 |
| At December 31, 2013 | | |
| Buy EURO40,000,000 | 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 RMB1,389,022,300 | From January 13, 2014 to December 11, 2015 | RMB:USD 1:0.1534 to 1:0.1673 |

30. 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, 2013 and 2014 | | |
| 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, 2013 and 2014 | | | |
| 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. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

THE COMPANY

| | 2014 Liabilities RMB'000 |
|---|--------------------------------|
| Interest rate swap contracts | 276,581 |
| Analysed for financial reporting purpose based on remaining contractual maturity: | |
| Non-current | 174,612 |
| Current | 101,969 |
| | 276,581 |

Interest rate swap contracts

| Notional amounts | Commencement | | Interest rates |
|-----------------------------|-------------------|-------------------|---|
| | dates | Maturity dates | |
| At December 31, 2014 | | | |
| RMB1,000,000,000 | March 18, 2008 | December 20, 2017 | From RMB 7 days 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 |

31. RESTRICTED BANK DEPOSITS, CASH AND CASH EQUIVALENTS/ OTHER DEPOSITS OVER THREE MONTHS

THE GROUP

Restricted bank deposits mainly represent fixed rate deposit in bank to secure the letter of credit for suppliers.

As at December 31, 2014, 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 0.005% to 3.080% (2013: 0.005% to 3.250%) per annum.

As at December 31, 2014, the bank deposits and deposits in CGN Finance, of RMB2,080,900,000 (2013: RMB2,752,446,000), carry fixed rate interests ranging from 3.080% to 3.300% (2013: 3.025% to 3.250%) per annum with original maturity more than three months.

As at December 31, 2014, deposits in CGN Finance amounted to approximately RMB6,538,217,000 (2013: RMB7,788,500,000).

THE COMPANY

As at December 31, 2014, the Company's cash and cash equivalents comprise cash, bank deposits and deposits in CGN Finance, which carry interest at prevailing market rates ranging from 0.010% to 3.080% per annum.

As at December 31, 2014, the bank deposits and deposits in CGN Finance of RMB851,800,000 (2013: nil) carry fixed rate interests ranging from 3.080% to 3.300% per annum with original maturity more than three months.

As at December 31, 2014, deposits in CGN Finance amounted to approximately RMB2,256,702,000.

32. TRADE AND OTHER PAYABLES

THE GROUP

| | 2014 RMB'000 | 2013 RMB'000 |
|---|------------------|-------------------|
| Amounts due to third parties | 1,651,385 | 1,861,384 |
| Amounts due to fellow subsidiaries | 567,500 | 35,454 |
| Receipts in advance from ultimate holding company | — | 3,840 |
| Receipts in advance from joint ventures | — | 29,116 |
| Receipts in advance from associates | 534 | 1,211 |
| Receipts in advance from fellow subsidiaries | 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 | 12,691 | 52,017 |
| Total trade payables | 2,263,353 | 2,160,932 |
| Construction payables to third parties | 1,144,125 | 1,088,504 |
| Construction payables to fellow subsidiaries | 2,152,170 | 6,156,483 |
| Construction payables to a non-controlling shareholder with significant influence over the relevant subsidiary | 6,333 | 740 |
| Value-added tax and other tax payables | 292,791 | 165,386 |
| Staff cost payables | 31,203 | 99,133 |
| Interest on notes payable | 91,820 | 89,301 |
| Other payables and accruals to third parties | 183,946 | 589,600 |
| Total other payables | 3,902,388 | 8,189,147 |
| | 6,165,741 | 10,350,079 |

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.

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32. 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:

| | 2014 RMB'000 | 2013 RMB'000 |
|---------------|------------------|------------------|
| Within 1 year | 2,263,353 | 2,160,899 |
| 1 to 2 years | — | 33 |
| | 2,263,353 | 2,160,932 |

THE COMPANY

| | 2014 RMB'000 |
|--|-----------------|
| Amounts due to third parties | 80,842 |
| Amounts due to fellow subsidiaries | 301 |
| Amount due to a subsidiary | 80,000 |
| Receipt in advance from a fellow subsidiary | 630 |
| Total trade payables | 161,773 |
| Value-added tax and other tax payables | 51,217 |
| Staff cost payables | 2,775 |
| Interest on notes payable | 91,820 |
| Other payables and accruals to third parties | 84,174 |
| Total other payables | 229,986 |
| | 391,759 |

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

| | 2014 RMB'000 |
|---------------|-----------------|
| Within 1 year | 161,773 |

33. AMOUNTS DUE TO RELATED PARTIES/ULTIMATE HOLDING COMPANY

THE GROUP

| | 2014 RMB'000 | 2013 RMB'000 |
|---|------------------|------------------|
| Dividend payable to ultimate holding company | 3,138,582 | — |
| Dividend payables to non-controlling shareholders | 664,650 | — |
| Dividend payable to Hengjian Investment | 368,812 | — |
| Dividend payable to CNNC | 180,717 | — |
| Other payable to ultimate holding company | 438,119 | 1,418,993 |
| Other payables to fellow subsidiaries | 48,513 | 166,710 |
| Other payables to associates | 336,340 | 239,337 |
| | 5,175,733 | 1,825,040 |

The amounts are unsecured, interest-free and repayable on demand.

THE COMPANY

| | 2014 RMB'000 |
|--|------------------|
| Dividend payable to ultimate holding company | 3,138,582 |
| Dividend payable to Hengjian Investment | 368,812 |
| Dividend payable to CNNC | 180,717 |
| Other payable to ultimate holding company | 313,684 |
| | 4,001,795 |

The amounts are unsecured, interest-free and repayable on demand.

34. LOANS FROM ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES/SUBSIDIARIES/PAYABLES TO ULTIMATE HOLDING COMPANY

THE GROUP

| | 2014 RMB'000 | 2013 RMB'000 |
|-----------|-------------------|-------------------|
| Secured | 4,107,845 | 3,083,866 |
| Unsecured | 8,183,400 | 16,642,500 |
| | 12,291,245 | 19,726,366 |

34. LOANS FROM ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES/SUBSIDIARIES/PAYABLES TO ULTIMATE HOLDING COMPANY (Continued)

THE GROUP (Continued)

Certain borrowings were secured by land use rights, nuclear facilities and tariff collection right of the Group. Details are shown in note 45.

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-------------------|-------------------|
| Non-current liabilities | | |
| Loans from fellow subsidiaries repayable after twelve months | 3,257,845 | 3,099,504 |
| Loans from ultimate holding company repayable after twelve months | — | 400,000 |
| Payables to ultimate holding company repayable after twelve months | 2,000,000 | 5,530,000 |
| Current liabilities | | |
| Loans from ultimate holding company | 2,945,000 | 9,131,000 |
| Loans from fellow subsidiaries | 558,400 | 1,565,862 |
| Payable to ultimate holding company | 3,530,000 | — |
| | 12,291,245 | 19,726,366 |
| Repayable within one year | | |
| – RMB loans | 3,503,400 | 10,696,862 |
| – RMB payable | 3,530,000 | — |
| Repayable from one to two years | | |
| – RMB loans | 409,795 | 584,362 |
| – RMB long-term payable | 2,000,000 | 3,530,000 |
| – Euro loans | 1,719 | 1,941 |
| Repayable from two to five years | | |
| – RMB loans | 779,385 | 785,192 |
| – RMB long-term payable | — | 2,000,000 |
| – Euro loans | 5,156 | 5,822 |
| Repayable over five years | | |
| – RMB loans | 2,051,480 | 2,110,543 |
| – Euro loans | 10,310 | 11,644 |
| | 12,291,245 | 19,726,366 |

34. LOANS FROM ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES/SUBSIDIARIES/PAYABLES TO ULTIMATE HOLDING COMPANY (Continued)

THE GROUP (Continued)

The carrying amounts of the loans and payables and the weighted average effective interest rates are as below:

| | 2014 | | 2013 | |
|-------------------------------|------------|------|------------|------|
| | RMB'000 | % | RMB'000 | % |
| Fixed rate loans and payables | 9,799,530 | 5.19 | 9,033,930 | 5.24 |
| Floating rate loans | 2,491,715 | 6.41 | 10,692,436 | 5.75 |
| | 12,291,245 | | 19,726,366 | |

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").

THE COMPANY

| | 2014 RMB'000 |
|---|-----------------|
| Non-current liability | |
| Payable to ultimate holding company after twelve months | 2,000,000 |
| Current liabilities | |
| Loans from ultimate holding company | 800,000 |
| Loans from subsidiaries | 1,768,442 |
| Payable to ultimate holding company | 3,530,000 |
| | 8,098,442 |
| Repayable within one year | |
| – RMB loans | 2,568,442 |
| – RMB payable | 3,530,000 |
| Repayable from one to two years | |
| – RMB long-term payable | 2,000,000 |
| | 8,098,442 |

Loans from subsidiaries amounting to approximately RMB1,768,442,000 are unsecured, repayable on demand, carried interest rate of demand deposit benchmark interest rate of PBOC. The rest of the amounts are unsecured, and carried fixed interest rate from 3.90% to 5.93% per annum.

35. BANK BORROWINGS

THE GROUP

| | 2014 RMB'000 | 2013 RMB'000 |
|--|--------------------|--------------------|
| Secured | 54,730,644 | 50,374,518 |
| Unsecured | 4,595,097 | 748,091 |
| | 59,325,741 | 51,122,609 |
| Carrying amount repayable based on repayment terms: | | |
| Within one year | 3,837,163 | 2,400,783 |
| More than one year, but within two years | 4,694,060 | 3,998,742 |
| More than two years, but within five years | 13,958,445 | 11,905,081 |
| More than five years | 36,836,073 | 32,818,003 |
| | 59,325,741 | 51,122,609 |
| Less: Amounts due within one year shown under current liabilities | (3,837,163) | (2,400,783) |
| Amounts shown under non-current liabilities | 55,488,578 | 48,721,826 |

Bank borrowings were secured by certain land use rights, nuclear facilities and tariff collection right of the Group. Details are shown in note 45.

Save for the bank borrowing of RMB3,000,000,000 (2013:RMB3,000,000,000), which is guaranteed by the ultimate holding company, the remaining balances are unguaranteed.

Bank borrowings denominated in currencies other than the functional currencies of the relevant group entities are set out below:

| | 2014 RMB'000 | 2013 RMB'000 |
|------|------------------|------------------|
| EURO | 3,249,661 | 3,742,036 |
| USD | 209,164 | 269,552 |
| GBP | 435,645 | 574,706 |
| | 3,894,470 | 4,586,294 |

35. BANK BORROWINGS (Continued)

The carrying amount of the bank borrowings and the weighted average effective interest rates are as below:

| | 2014 | | 2013 | |
|-------------------------------|------------|------|------------|------|
| | RMB'000 | % | RMB'000 | % |
| Fixed rate bank borrowings | 13,744,166 | 5.77 | 14,430,874 | 6.24 |
| Floating rate bank borrowings | 45,581,575 | 5.73 | 36,691,735 | 5.62 |
| | 59,325,741 | | 51,122,609 | |

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.

| | 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 |

36. NOTES PAYABLE

THE GROUP AND THE COMPANY

| | 2014 RMB'000 | 2013 RMB'000 |
|---|------------------|------------------|
| Listed in the PRC | | |
| Guaranteed corporate bond issued in 2002 (note a) | 4,000,000 | 4,000,000 |
| Guaranteed corporate bond issued in 2007 (note b) | 2,000,000 | 2,000,000 |
| Unguaranteed corporate bond issued in 2010 (note c) | 2,500,000 | 2,500,000 |
| | 8,500,000 | 8,500,000 |

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.

37. DEFERRED INCOME

| | RMB'000 |
|----------------------------|----------|
| At January 1, 2013 | 444,949 |
| Government grants received | 193,307 |
| Released to profit or loss | (19,807) |
| At December 31, 2013 | 618,449 |
| Government grants received | 121,808 |
| Released to profit or loss | (27,934) |
| At December 31, 2014 | 712,323 |

During the year, the Group received government subsidies approximately RMB121,808,000 (2013: RMB193,307,000) 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.

38. PROVISIONS

The Group has made the following provisions in the consolidated financial statements:

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-----------------|-----------------|
| Current liability | | |
| Provision for spent fuel management | 770,320 | 736,819 |
| Non-current liabilities | | |
| Provision for low and medium level radioactive waste management | 155,416 | 142,335 |
| Provision for nuclear power plant decommissioning | 1,370,587 | 1,144,158 |
| | 1,526,003 | 1,286,493 |
| | 2,296,323 | 2,023,312 |

38. PROVISIONS (Continued)

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, 2013 | 1,152,924 | 131,085 | 1,085,661 | 2,369,670 |
| Additions | 731,817 | 13,999 | — | 745,816 |
| Interest expense | — | — | 76,048 | 76,048 |
| Paid | (1,147,922) | — | — | (1,147,922) |
| Exchange differences | — | (2,749) | (17,551) | (20,300) |
| At December 31, 2013 | 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 |

In compliance with the regulations on nuclear power operation, the Group recognized provisions to cover all obligations related to the nuclear facilities and operation.

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 《核電站之燃料處理處置基金徵收使用管理暫行辦法》 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. 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 (2013: RMB0.026 per kilowatt) based on the volume of electricity actually sold during the year.

38. PROVISIONS (Continued)

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.

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 provision is estimated based on the expected construction cost for decommissioning taking into consideration the most recent developments in regulations, past experience in decommissioning of shut-down plants and recommendations from industry experts.

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 2054 based on the expected useful lives of nuclear power plants.

39. PAID-IN/SHARE CAPITAL

The paid-in capital of the Group at December 31, 2013 represents the aggregate paid-in capital of companies directly held by the ultimate holding company prior to the Reorganization. The share capital at December 31, 2014 represents the registered and paid share capital of the Company.

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 |
| Conversion of domestic shares into H shares | (1,014,875) | 1,014,875 |
| Issue of shares on the exercise of over-allotment option on December 22, 2014 | — | 1,323,750 |
| At December 31, 2014 | 34,285,125 | 11,163,625 |

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.

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.

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.

40. 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 | |
|---|--|---|--------|---|-----------------|---------------------------------------|-----------------|
| | | 2014 | 2013 | 2014 RMB'000 | 2013 RMB'000 | 2014 RMB'000 | 2013 RMB'000 |
| GNPJVC | PRC | 25.00% | 25.00% | 655,302 | 633,536 | 1,356,968 | 2,026,733 |
| CGN Investment | PRC | 22.22% | 22.22% | 228,850 | 192,466 | 2,065,203 | 2,012,577 |
| CGN Ninghe Investment | PRC | 43.48% | 43.48% | 98,833 | 40,814 | 2,249,263 | 2,099,130 |
| Yangjiang Nuclear | PRC | 24.00% | 24.00% | 175,756 | — | 2,869,794 | 2,270,270 |
| Individually immaterial subsidiaries with non-controlling interests | | | | 3,471 | 10,034 | 86,492 | 231,402 |
| | | | | 1,162,212 | 876,850 | 8,627,720 | 8,640,112 |

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup elimination.

GNPJVC

| | 2014 RMB'000 | 2013 RMB'000 |
|-------------------------|-----------------|-----------------|
| Current assets | 6,391,570 | 7,374,630 |
| Non-current assets | 4,385,575 | 3,705,136 |
| Current liabilities | 3,654,762 | 1,354,378 |
| Non-current liabilities | 1,694,512 | 1,618,449 |

40. NON-CONTROLLING INTERESTS (Continued)**GNPJVC** (Continued)

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| Revenue | 5,677,715 | 5,424,279 |
| Expenses | 3,056,508 | 2,890,137 |
| Profit for the year | 2,621,207 | 2,534,142 |
| Other comprehensive income (expenses) for the year | 41,009 | (255,876) |
| Total comprehensive income for the year | 2,662,216 | 2,278,266 |
| Dividends paid to non-controlling interests | 1,335,319 | 633,155 |
| Net cash inflow from operating activities | 530,859 | 2,607,497 |
| Net cash outflow in investing activities | (109,068) | (101,459) |
| Net cash outflow in financing activities | (464,160) | (2,570,374) |
| Net cash outflow | (42,369) | (64,336) |

CGN Investment

| | 2014 RMB'000 | 2013 RMB'000 |
|-------------------------|-----------------|-----------------|
| Current assets | 799,136 | 148 |
| Non-current assets | 9,525,146 | 9,970,699 |
| Current liabilities | 1,029,940 | 913,344 |
| Non-current liabilities | — | — |

40. NON-CONTROLLING INTERESTS (Continued)

CGN Investment (Continued)

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| Revenue | 1,029,668 | 866,422 |
| Other income and expenses | (260) | 235 |
| Profit and total comprehensive income for the year | 1,029,928 | 866,187 |
| Dividends paid to non-controlling interests | 228,850 | 202,945 |
| Net cash inflow from operating activities | 272 | 8,277 |
| Net cash inflow from investing activities | 676,084 | 34,973 |
| Net cash outflow in financing activities | (676,504) | (43,656) |
| Net cash outflow | (148) | (406) |

CGN Ninghe Investment

| | 2014 RMB'000 | 2013 RMB'000 |
|-------------------------|-----------------|-----------------|
| Current assets | 580 | 541 |
| Non-current assets | 5,381,241 | 4,927,845 |
| Current liabilities | 208,723 | 89,450 |
| Non-current liabilities | — | — |

40. NON-CONTROLLING INTERESTS (Continued)**CGN Ninghe Investment** (Continued)

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| Revenue | 225,665 | 98,209 |
| Other income and expenses | (1,641) | 4,123 |
| Profit and total comprehensive income for the year | 227,306 | 94,086 |
| Dividends paid to non-controlling interests | 88,949 | 36,308 |
| Net cash inflow from operating activities | 46 | 13 |
| Net cash outflow in investing activities | (239,439) | (644,000) |
| Net cash inflow from financing activities | 238,862 | 644,000 |
| Net cash (outflow) inflow | (531) | 13 |

Yangjiang Nuclear

| | 2014 RMB'000 | 2013 RMB'000 |
|-------------------------|-----------------|-----------------|
| Current assets | 3,559,867 | 1,617,719 |
| Non-current assets | 55,467,440 | 46,860,444 |
| Current liabilities | 5,939,883 | 8,750,153 |
| Non-current liabilities | 41,129,951 | 30,268,551 |

40. NON-CONTROLLING INTERESTS (Continued)

Yangjiang Nuclear (Continued)

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| Revenue | 2,488,991 | — |
| Expenses | 1,756,673 | — |
| Profit and total comprehensive income for the year | 732,318 | — |
| Dividends paid to non-controlling interests | 63,672 | — |
| Net cash inflow from (outflow in) operating activities | 1,009,211 | (418,333) |
| Net cash outflow in investing activities | (11,570,047) | (9,061,194) |
| Net cash inflow from financing activities | 10,492,923 | 9,703,044 |
| Net cash (outflow) inflow | (67,913) | 223,517 |

41. 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 34, 35 and 36 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.

42. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

THE GROUP

| | 2014 RMB'000 | 2013 RMB'000 |
|---|-------------------|-------------------|
| Financial assets | | |
| Derivative financial instruments classified as held for trading | 52,642 | 305,334 |
| Loans and receivables (including cash and cash equivalents) | 31,926,252 | 11,830,919 |
| Available-for-sale financial assets | 2,403,648 | 2,475,071 |
| | 34,382,542 | 14,611,324 |
| Financial liabilities | | |
| Derivative financial instruments classified as held for trading | 362,039 | 261,022 |
| Amortized cost | 92,074,668 | 91,094,614 |
| | 92,436,707 | 91,355,636 |

THE COMPANY

| | 2014 RMB'000 |
|---|-------------------|
| Financial assets | |
| Loans and receivables (including cash and cash equivalents) | 40,967,710 |
| Financial liabilities | |
| Derivative financial instruments classified as held for trading | 276,581 |
| Amortized cost | 20,940,779 |
| | 21,217,360 |

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, trade receivables, other receivables, amounts due from/to related parties, loans to/from subsidiaries, trade and other payables, loans from ultimate holding company and subsidiaries, payables to ultimate holding company, notes payable and derivative financial instruments. 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 Company is exposed to fair value interest rate risk which arises from fixed rate loans to subsidiaries, loans from subsidiaries, notes payable, payables to/loans from ultimate holding company, deposits over three months and interest rate swap. 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 Company is also exposed to cash flow interest rate risk which arises from loans from subsidiaries, cash and cash equivalents which carry interest at prevailing market rates during the year. The Group is exposed to cash flow interest rate risk which arises from floating rate bank borrowings, loans from fellow subsidiaries and ultimate holding company and cash and cash equivalents. The Company and Group uses interest rate swap to reduce exposure to interest rate fluctuations associated with floating-rate debt. The Company's and Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Interest rate risk (Continued)

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, 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, 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.

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 RMB21,685,000 (2013: RMB5,491,000).

If interest rates had been 50 basis points higher/lower for floating rate bank borrowings, 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/increase by approximately RMB34,501,000 (2013: RMB62,062,000).

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Interest rate risk (Continued)

Sensitivity analysis (Continued)

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 RMB20,570,000 (2013: RMB114,769,000).

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 RMB6,599,000 (2013: RMB87,419,000).

If interest rates had been 10 basis points higher/lower for cash and cash equivalents with all other variable held constant, the Company's post-tax profit for the year would increase/decrease by approximately RMB17,498,000.

If interest rates had been 35 basis points higher/lower for loans from subsidiaries with all other variables held constant, the Company's post-tax profit for the period to December 31, 2014 would decrease/increase by approximately RMB4,641,000.

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/period.

(ii) Currency risk

The Company's exposure to currency risk is attributable to cash and cash equivalents. 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.

42. FINANCIAL INSTRUMENTS (Continued)**b. Financial risk management objectives and policies** (Continued)

Market risk (Continued)

(ii) Currency risk (Continued)

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:

The Group

| | Assets | | Liabilities | |
|------|-----------------|-----------------|-----------------|-----------------|
| | 2014 RMB'000 | 2013 RMB'000 | 2014 RMB'000 | 2013 RMB'000 |
| RMB | 3,342,762 | 1,165,509 | 992,130 | 1,024,783 |
| USD | 223,871 | 84,464 | 305,741 | 528,519 |
| EURO | 29,350 | 37,694 | 3,405,957 | 3,999,354 |
| GBP | 676 | 13,023 | 513,356 | 624,789 |
| HKD | 6,012,292 | — | — | — |

The Company

| | Assets | Liabilities |
|-----|-----------------|-----------------|
| | 2014 RMB'000 | 2014 RMB'000 |
| HKD | 6,012,025 | — |
| USD | — | 47,896 |

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/Company'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.

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Currency risk (Continued)

Sensitivity analysis (Continued)

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| Increase (decrease) in the Group's profit for the year | | |
| – if HKD strengthens against RMB | (99,902) | (5,981) |
| – if RMB strengthens against USD | 7,890 | 16,652 |
| – if RMB strengthens against EURO | 143,506 | 168,371 |
| – if RMB strengthens against GBP | 21,789 | 26,000 |
| – if RMB strengthens against HKD | (225,461) | — |
| | (152,178) | 205,042 |
| | | |
| | | 2014 RMB'000 |
| Increase (decrease) in the Company's profit for the period to December 31, 2014 | | |
| – if RMB strengthens against HKD | | (225,451) |
| – if RMB strengthens against USD | | 1,796 |
| | | (223,655) |

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 RMB28,323,000 (2013: RMB84,951,000).

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 RMB23,584,000 (2013: RMB84,951,000).

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) *Currency risk* (Continued)

Sensitivity analysis (Continued)

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 RMB49,653,000 (2013: RMB54,953,000).

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 RMB83,557,000 (2013: RMB84,628,000).

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.

(iii) *Other price risk*

The Group is exposed to other price risk through its available-for-sale investments that are measured at fair value at the end of the reporting period. In the opinion of the management, a reasonably possible change in key inputs to the valuation model would not result in a material change in fair value of the available-for-sale investments.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. At the end of the reporting period, the Company's and Group's maximum exposure is arising from the carrying amount of the respective recognized financial assets as stated in the Company's and consolidated statements of financial position.

The Group has concentration of credit risk as 80% (2013: 84%) 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.

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

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 subsidiary 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.

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.

The Company has concentration of credit risk on loan to a subsidiary, amounts due from related parties and loans to subsidiaries at the end of the reporting period. Credit risk is considered as limited because the subsidiaries have positive operating result and/or cash flows.

Other than the above mentioned concentration of credit risk, the Group does not have any other significant concentration of credit risk.

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

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.

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 RMB43,119,684,000 as at December 31, 2014.

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.

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

THE GROUP

| | 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 |
|---|--|--|-------------------------|-------------------------|--|-------------------------------|
| At December 31, 2014 | | | | | | |
| Trade and other payables | N/A | 5,828,482 | — | — | 5,828,482 | 5,828,482 |
| Amounts due to related parties | N/A | 5,175,733 | — | — | 5,175,733 | 5,175,733 |
| Notes payable | 4.86% | 413,000 | 5,263,294 | 4,913,000 | 10,589,294 | 8,500,000 |
| Loans from ultimate holding company | | | | | | |
| – floating rate | 6.73% | 1,862,480 | — | — | 1,862,480 | 1,745,000 |
| – fixed rate | 4.67% | 1,256,080 | — | — | 1,256,080 | 1,200,000 |
| 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 | 5.65% | 416,338 | 173,241 | 334,054 | 923,633 | 746,715 |
| – fixed rate | 6.40% | 396,852 | 1,671,056 | 2,323,334 | 4,391,242 | 3,069,530 |
| Bank borrowings | | | | | | |
| – floating rate | 5.73% | 3,802,272 | 22,729,994 | 37,083,800 | 63,616,066 | 45,581,575 |
| – fixed rate | 5.77% | 3,435,954 | 6,436,840 | 5,540,313 | 15,413,107 | 13,744,166 |
| Borrowings from a financial institution | 4.10% | 39,542 | 966,570 | — | 1,006,112 | 953,467 |
| | | 26,412,772 | 39,333,595 | 50,194,501 | 115,940,868 | 92,074,668 |
| Derivatives - net settlement | | | | | | |
| Foreign currency forward contracts | | 3,237 | 25,663 | — | 28,900 | 27,577 |
| Currency swaps | | 23,520 | 31,449 | — | 54,969 | 53,869 |
| Interest rate swaps | | 109,375 | 206,891 | — | 316,266 | 280,593 |
| | | 136,132 | 264,003 | — | 400,135 | 362,039 |

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

THE GROUP (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 |
|--------------------------------------|--|---|-------------------------|-------------------------|--|-------------------------------|
| At December 31, 2013 | | | | | | |
| Trade and other payables | N/A | 9,920,599 | — | — | 9,920,599 | 9,920,599 |
| Amounts due to related parties | N/A | 1,825,040 | — | — | 1,825,040 | 1,825,040 |
| Notes payable | 4.86% | 413,000 | 5,457,647 | 5,131,647 | 11,002,294 | 8,500,000 |
| Loans from ultimate holding company | | | | | | |
| – floating rate | 5.81% | 9,526,384 | — | — | 9,526,384 | 9,131,000 |
| – fixed rate | 4.50% | 18,000 | 418,000 | — | 436,000 | 400,000 |
| Payables to ultimate holding company | | | | | | |
| – fixed rate | 4.63% | 256,039 | 5,878,639 | — | 6,134,678 | 5,530,000 |
| Loans from fellow subsidiaries | | | | | | |
| – floating rate | 5.37% | 1,455,155 | 83,210 | 163,851 | 1,702,216 | 1,561,436 |
| – fixed rate | 6.41% | 383,459 | 1,554,447 | 2,617,823 | 4,555,729 | 3,103,930 |
| Bank borrowings | | | | | | |
| – floating rate | 5.62% | 2,692,759 | 17,436,795 | 31,228,484 | 51,358,038 | 36,691,735 |
| – fixed rate | 6.24% | 2,668,336 | 7,546,451 | 9,618,421 | 19,833,208 | 14,430,874 |
| | | 29,158,771 | 38,375,189 | 48,760,226 | 116,294,186 | 91,094,614 |
| Derivatives - net settlement | | | | | | |
| Currency swaps | | — | 4,795 | — | 4,795 | 2,912 |
| Interest rate swaps | | 97,155 | 192,354 | — | 289,509 | 258,110 |
| | | 97,155 | 197,149 | — | 294,304 | 261,022 |

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

THE COMPANY

| | 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 |
|--------------------------------------|--|--|-------------------------|-------------------------|--|-------------------------------|
| At December 31, 2014 | | | | | | |
| Trade and other payables | N/A | 340,542 | — | — | 340,542 | 340,542 |
| Amounts due to related parties | N/A | 4,001,795 | — | — | 4,001,795 | 4,001,795 |
| Notes payable | 4.86% | 413,000 | 5,263,294 | 4,913,000 | 10,589,294 | 8,500,000 |
| Loans from ultimate holding | | | | | | |
| – fixed rate | 4.76% | 838,080 | — | — | 838,080 | 800,000 |
| Payables to ultimate holding company | | | | | | |
| – fixed rate | 4.63% | 3,786,039 | 2,092,600 | — | 5,878,639 | 5,530,000 |
| Loans from subsidiaries | | | | | | |
| – floating rate | 0.35% | 1,768,442 | — | — | 1,768,442 | 1,768,442 |
| | | 11,147,898 | 7,355,894 | 4,913,000 | 23,416,792 | 20,940,779 |
| Derivatives - net settlement | | | | | | |
| Interest rate swaps | | 106,585 | 205,704 | — | 312,289 | 276,581 |

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.

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (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.

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements and the Company's 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 and Company'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:

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (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 |
|--|-------------------|------------------------|-------------------|------------------------|----------------------|--|
| | 2014 | | 2013 | | | |
| | Assets RMB'000 | Liabilities RMB'000 | Assets RMB'000 | Liabilities RMB'000 | | |
| The Group | | | | | | |
| Foreign currency forward contracts (see note 30) | 33,409 | 27,577 | 127,233 | — | 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 |
| Currency swap contracts (see note 30) | 19,099 | 53,869 | 178,111 | 2,912 | 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 |
| Interest rate swap contracts (see note 30) | 134 | 280,593 | — | 258,110 | 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 |

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (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 |
|---|-------------------|------------------------|-------------------|------------------------|----------------------|--|
| | 2014 | | 2013 | | | |
| | Assets RMB'000 | Liabilities RMB'000 | Assets RMB'000 | Liabilities RMB'000 | | |
| The Company | | | | | | |
| Interest rate swap contracts (see note 30) | — | 276,581 | N/A | N/A | 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 |

| Financial assets | Fair value as at | | Fair value hierarchy | Valuation technique | Key inputs | Significant unobservable inputs (note 1) |
|--|------------------|-----------------|----------------------|-----------------------|-------------------------------|--|
| | 2014 RMB'000 | 2013 RMB'000 | | | | |
| The Group | | | | | | |
| Available-for-sale investment – 10% equity interest in Taishan Nuclear (see note 21) | 2,293,648 | 2,365,071 | Level 3 | Assets based approach | Materials cost Labour cost | Materials cost Labour cost |

(Note 1) In the opinion of the management of the Group, a reasonably possible change in significant unobservable inputs is not expected to result in significant change in fair value of available-for-sale investments and therefore sensitivity analysis is not presented.

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Reconciliation of Level 3 fair value measurements

| | Available- for-sale investments RMB'000 |
|---|--|
| At January 1, 2013 | 1,980,411 |
| Total gain recognized in other comprehensive income | 62,260 |
| Capital injection | 322,400 |
| At December 31, 2013 | 2,365,071 |
| Total loss recognized in other comprehensive income | (71,423) |
| At December 31, 2014 | 2,293,648 |

All (loss) gain for the years relate to the unlisted equity interest in Taishan Nuclear held at the end of the reporting period and reported as “(loss) gain on available-for-sale investment” in other comprehensive income.

43. CAPITAL COMMITMENTS

THE GROUP

| | 2014 RMB'000 | 2013 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 | 36,198,301 | 36,764,938 |

The Group's share of the capital commitments made jointly with the other venturer relating to its joint venture, Ningde Nuclear, is as follows:

| | 2014 RMB'000 | 2013 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 | 2,053,150 | 1,876,427 |

THE COMPANY

| | 2014 RMB'000 |
|---|-----------------|
| Capital expenditure in respect of acquisition and construction of property, plant and equipment contracted for but not provided in the Company's financial statements | 9,838,058 |

44. 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:

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| Within one year | 67,433 | 24,430 |
| In the second to fifth years inclusive | 216,123 | 38,362 |
| Over five years | 149,126 | 28,228 |
| | 432,682 | 91,020 |

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.

The Group as lessor

During the year, rental income earned by the Group from its investment property for approximately RMB18,578,000 (2013: RMB18,556,000).

All of the properties leased out have committed tenants for 1 to 3 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:

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| Within one year | 5,555 | 3,991 |
| In the second to fifth years inclusive | — | 3,154 |
| | 5,555 | 7,145 |

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For the year ended December 31, 2014

45. PLEDGE OF ASSETS

At the end of reporting period, the assets with 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 and Taishan Nuclear:

| | Notes | 2014 RMB'000 | 2013 RMB'000 |
|---|-------|-------------------|-----------------|
| Property, plant and equipment | 15 | 19,533,805 | 18,732,049 |
| Trade receivables representing tariff collection rights | 26 | 1,191,128 | 959,983 |
| Prepaid lease payments | 23 | 29,621 | 30,920 |
| Bank deposits | 31 | 8,275 | 7,132 |
| Available-for-sale investments | 21 | 2,293,648 | 2,365,071 |
| | | 23,056,477 | 22,095,155 |

At December 31, 2014 and 2013, the tariff collection rights of Lingdong Nuclear, Yangjiang Nuclear and Ling'ao Nuclear were pledged to secure the banking facilities, loans from banks and related parties.

46. 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:

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| Sales of goods to ultimate holding company | 5,817 | — |
| Sales of goods to fellow subsidiaries | 102,525 | 128,732 |
| Sales of goods to a joint venture | 13,869 | 35,197 |
| Sales of goods to associates | 7,576 | 7,494 |
| Sales of electricity to a non-controlling shareholder with significant influence over the relevant subsidiary | 4,015,438 | 3,776,336 |
| Service revenue from fellow subsidiaries | 598,830 | 500,835 |
| Service revenue from ultimate holding company | 32,325 | 22,633 |
| Service revenue from joint ventures | 255,029 | 94,442 |
| Service revenue from associates | 213,593 | 94,741 |
| Purchase of nuclear fuel from a fellow subsidiary | 1,489,180 | 928,098 |
| Construction cost payable to and acquisition of property, plant and equipment from fellow subsidiaries | 6,667,583 | 6,629,449 |
| Purchase of property, plant and equipment from a non-controlling shareholder with significant influence over the relevant subsidiary | 22,915 | 1,309 |
| Service fee to a non-controlling shareholder with significant influence over the relevant subsidiary | 3,191 | 15,078 |
| Service fee to ultimate holding company | 13,513 | 130,299 |
| Rental income from fellow subsidiaries | 8,876 | 9,465 |
| Intangible assets sold to a fellow subsidiary | 107,828 | — |

46. RELATED PARTY TRANSACTIONS (Continued)**(b) Disposal of equity interests with related party**

In 2013, the Group disposed of its entire equity interest in 嶺灣核電有限公司 Lingwan Nuclear Power Co., Ltd. (“Lingwan Nuclear”) to the ultimate holding company. Details are set out in note 47.

In 2014, the Group disposed of its entire equity interest in Yangjiang Site Development to a fellow subsidiary. Details are set out in note 47.

(c) Compensation of key management personnel

The remuneration of key management (including directors and supervisors) during the year were as follows:

| | 2014 RMB'000 | 2013 RMB'000 |
|--------------------------|-----------------|-----------------|
| Short-term benefits | 6,794 | 1,977 |
| Post-employment benefits | 359 | 146 |
| | 7,153 | 2,123 |

The remuneration of key management is determined having regard to the performance of individuals and market trends.

(d) 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 (“government-related entities”).

46. RELATED PARTY TRANSACTIONS (Continued)

(d) Significant transactions with other government-related entities (Continued)

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 46(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:

| | 2014 RMB'000 | 2013 RMB'000 |
|--|-----------------|-----------------|
| Sales of electricity | 15,311,945 | 12,491,467 |
| Service fee for disposal of spent fuel | 770,454 | 731,817 |
| | | |
| | 2014 RMB'000 | 2013 RMB'000 |
| Trade receivables | 1,657,912 | 1,308,058 |

The transactions conducted with government-related entities are based on terms as set out in the underlying agreements, based on statutory rates 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.

47. DISPOSALS OF SUBSIDIARIES

In March 2013, the Group disposed of its entire equity interest in Lingwan Nuclear to the ultimate holding company at a cash consideration of RMB50,000,000.

The net assets of Lingwan Nuclear at the date of disposal were as follows:

| | Carrying amount RMB'000 |
|---|-------------------------------|
| Non-current assets | |
| Property, plant and equipment | 1,900 |
| Prepaid lease payment | 10,690 |
| Current assets | |
| Prepayments | 133,000 |
| Cash and cash equivalents | 37,704 |
| Current liability | |
| Other payables | (133,294) |
| Net assets disposed of | 50,000 |
| Consideration receivable | (50,000) |
| Gain on disposal | — |
| Analysis of net inflow of cash and cash equivalents in respect of the disposal of Lingwan Nuclear: | |
| | RMB'000 |
| Consideration received | 50,000 |
| Cash and cash equivalents disposed of | (37,704) |
| | 12,296 |

47. DISPOSALS OF SUBSIDIARIES (Continued)

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) |
| Analysis of net inflow of cash and cash equivalents in respect of the disposal of Yangjiang Site Development: | |
| | RMB'000 |
| Consideration received | 128,000 |
| Cash and cash equivalents disposed of | (57,269) |
| | 70,731 |

The remaining consideration receivable of RMB183,920,000 remained unsettled at December 31, 2014 and included in other receivable from fellow subsidiaries.

48. SIGNIFICANT EVENTS

On October 30, 2014, the Group entered into an equity transfer agreement with CGNPC (the "Equity Transfer Agreement") to acquire from CGNPC a 12.5% equity interest in Taishan Nuclear and a 60% equity interest in 台山核電產業投資有限公司 Taishan Nuclear Power Industry Investment Co., Ltd., one of Taishan Nuclear's existing shareholders at a consideration of RMB9,700,196,000. The effectiveness of this Equity Transfer Agreement is conditional upon (i) obtaining all required approvals from the relevant PRC government authorities and (ii) the listing of the Company's H Shares on the Stock Exchange. Upon completion of the proposed acquisitions and together with the 10% equity interest currently held by the Group, the Group will (directly or indirectly) beneficially own a total of 51% equity interest in Taishan Nuclear. Taishan Nuclear will become a subsidiary of the Group.

As at December 31, 2014, the Group is still in the process of obtaining the required approval.

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

| Name of subsidiary | Place of establishment | Registered capital | Equity interests attributable to the Group | | Principal activities |
|------------------------|------------------------|--------------------|--|---------|---|
| | | | 2014 | 2013 | |
| 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 | RMB11,522,000,000 | 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 |

* Limited liability company established in the PRC.

** A sino-foreign joint venture with limited liability.

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(Continued)

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.

50. 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 | |
|---|--------------------------------------|-------------------------------------|------|
| | | 2014 | 2013 |
| Nuclear power technology development | PRC | 2 | 2 |
| Nuclear power generation | PRC | 2 | 2 |
| Nuclear power operating and consulting services | PRC | 1 | 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 |
| | | 9 | 9 |

Notes to the Consolidated Financial Statements

For the year ended December 31, 2014

50. COMPOSITION OF THE GROUP (Continued)

| Principal activity | Place of establishment and operation | Number of non-wholly-owned subsidiaries | |
|--|--------------------------------------|---|------|
| | | 2014 | 2013 |
| Investment holding | PRC | 2 | 2 |
| Nuclear power generation | PRC | 2 | 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 |
| Property development | PRC | — | 1 |
| | | 8 | 9 |

Contact Us

Annual Report

This Annual Report was available on our website at www.cgnp.com.cn on April 9, 2015 and posted to Shareholders who have elected to receive corporate communications from the Company in printed form on April 10, 2015.

Those Shareholders who (a) received our 2014 Annual Report electronically and would like to receive a printed copy or vice versa; or (b) received a printed copy of our 2014 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

To be held in May 2015. Details of the AGM are set out in the notice and circular despatched to Shareholders together with a proxy form on April 10, 2015.

Register of Members

For the purpose 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 10, 2015.

Company's Registrar

Computershare Hong Kong Investor Services Limited
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Our Stock Name and Stock Code

Stock Name: CGN Power

Stock Code: HKSE 1816

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CGN Power

A world-class nuclear power supplier and service provider
with international competitiveness



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