中國廣核電力股份有限公司

CGN Power Co., Ltd.*

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

Stock Code: 1816

2016 Annual Report

*For identification purpose only

Contents

This 2016 Annual Report ("**Annual Report**") is the third annual report of the Company since its listing. We continue to adopt the International Integrated Reporting Framework published by the International Integrated Reporting Council ("**IIRC**", website: www.theiirc.org) in December 2013 as the major guideline for this Annual Report. We hope to adopt the integrated reporting model to compile the Annual Report so as to fully explain to the related stakeholders about how the Company will create value for shareholders in the short, medium and long-term based on the strategic planning, corporate governance and business performance.

In preparing this report, we have also followed the "Environmental, Social and Governance Reporting Guide" of The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") as amended on December 21, 2015 and referred to other relevant frameworks and guidelines such as "The Standards for Contents and Formats of Information Disclosure by Companies Publicly Offering Securities No. 2 - Contents and Formats of Annual Reports (Revision 2016)" of China Securities Regulatory Commission as published on December 9, 2016.

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

Unless otherwise defined in this Annual Report, the terms used in this Annual Report shall have the same meanings as those defined in the 2015 Annual Report of the Company dated April 7, 2016. This Annual Report has been prepared in Chinese and English respectively. In case of discrepancy, the Chinese version shall prevail, except for the independent auditor's report and the consolidated financial statements prepared in accordance with International Financial Reporting Standards, of which the English version shall prevail.

For 2016, we continue to publish the Environmental, Social and Governance Report (the "**ESG Report**").

Business at a glance for the year

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

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

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

2016 Major Events

Acquisition

On September 25, the Company entered into an equity transfer agreement with CGNPC in respect of acquiring 61% interest in Guangxi Fangchenggang Nuclear Power Co., Ltd. ("**Fangchenggang Nuclear**"), 100% interest in CGN Lufeng Nuclear Power Co., Ltd. ("**Lufeng Nuclear**") and 100% interest in China Nuclear Power Engineering Co., Ltd. ("**CGN Engineering**") from CGNPC ("**Acquisition**"). The agreement was approved at the general meeting on November 16. Relevant transactions were completed on November 30.

Equity transfer

On November 30, the Company and its subsidiary Guangdong Nuclear Investment Co., Ltd.「廣東核電投資有限公司」("**GNIC**") entered into a conditional equity transfer agreement with CLP Nuclear Power (Yangjiang) Limited in respect of transferring 17% interest in aggregate in Yangjiang Nuclear Power Co., Ltd.「陽江核電有限公司」("**Yangjiang Nuclear**"). The relevant transactions are in the process of obtaining approvals from relevant regulatory authorities and not yet completed.

New commencement of nuclear power units

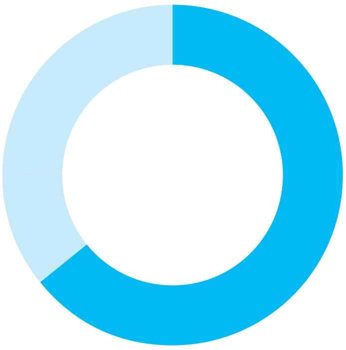
- On January 1, Yangjiang Unit 3 commenced commercial operation.
- On January 1, Fangchenggang Unit 1 commenced commercial operation.
- On June 8, Hongyanhe Unit 4 commenced commercial operation.
- On July 21, Ningde Unit 4 commenced commercial operation.
- On October 1, Fangchenggang Unit 2 commenced commercial operation.

New construction of nuclear power units

On December 23, Fangchenggang Unit 4 commenced construction.

Business at a glance for the year

Key Data for 2016



On-grid power generation

115,583.57 Gwh

Controlling 65.37% Non-controlling 34.63%

Low carbon and reduced emission

On-grid power generation equals to carbon dioxide emission reduction of approximately

9,000 ten thousand tons

CO_2

Installed capacity in operation

CGN Power

Others

Proportion in Mainland China

60.60%

Installed capacity under construction

CGN Power

Others

Proportion in Mainland China

46.44%

Revenue
RMB million

32,890.31
Increase of 22.7% over that of 2015 (restated)

Dividend
Dividend per share

0.051 RMB (tax inclusive)

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

18,387.59
Increase of 13.8% over that of 2015 (restated)

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

18,916.12
Increase of 21.1% over that of 2015 (restated)

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

7,286.93
Increase of 3.7% over that of 2015 (restated)

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

7,544.08
Increase of 12.0% over that of 2015 (restated)

Financial Highlights

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

	Year ended December 31				
	2016	2015 (restated)*	2014#	2013	2012
			RMB'000		
Revenue	**32,890,307**	26,795,904	20,718,676	17,365,016	17,575,078
Gross profit	**14,357,036**	12,020,631	10,076,149	8,148,485	8,170,416
Profit before taxation	**9,577,489**	9,637,891	9,054,241	6,069,732	5,867,806
Taxation	**(652,782)**	(1,098,865)	(1,228,041)	(998,335)	(890,453)
Profit for the year	**8,924,707**	8,539,026	7,826,200	5,071,397	4,977,353
Profit for the year attributable to					
– owners of the Company	**7,286,934**	7,029,383	6,192,761	4,194,547	4,144,645
– non-controlling interests	**1,637,773**	1,509,643	1,633,439	876,850	832,708
Earnings per share attributable to owners of the Company					
– Basic (RMB)	**0.160**	0.155	0.186	0.153	0.165

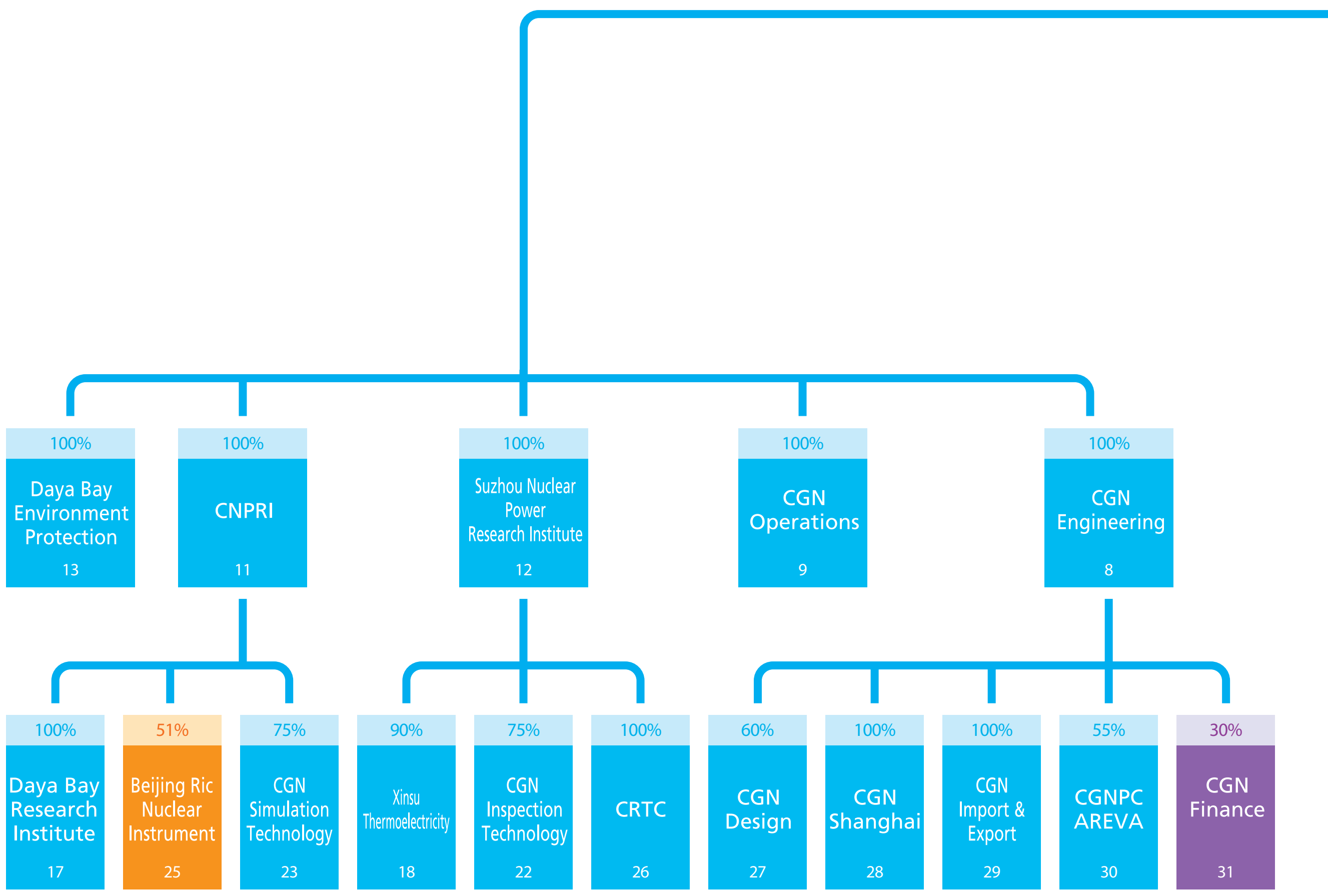
Highlights of consolidated statements of financial position

	As of December 31				
	2016	2015 (restated)*	2014 (restated)*#	2013#	2012
			RMB'000		
Total non-current assets	**243,809,164**	226,067,477	206,316,547	160,189,005	95,167,248
Total current assets	**43,824,630**	45,298,076	59,279,990	23,890,154	27,095,962
Total assets	**287,633,794**	271,365,553	265,596,537	184,079,159	122,263,210
Total current liabilities	**65,167,663**	43,946,874	46,125,052	31,684,220	39,887,271
Total non-current liabilities	**140,567,458**	142,099,046	134,835,336	102,049,542	58,226,282
Total liabilities	**205,735,121**	186,045,920	180,960,388	133,733,762	98,113,553
Equity attributable to owners of the Company	**56,534,701**	60,855,416	62,917,497	31,179,488	16,304,286
Non-controlling interests	**25,363,972**	24,464,217	21,718,652	19,165,909	7,845,371
Total equity	**81,898,673**	85,319,633	84,636,149	50,345,397	24,149,657

* Since the Company acquired subsidiaries under common control in 2016, the consolidated profit and loss and other comprehensive income statements for 2015 and the consolidated statements of financial position as of December 31, 2015 and December 31, 2014 of the Company and its subsidiaries ("**the Group**") had been restated.

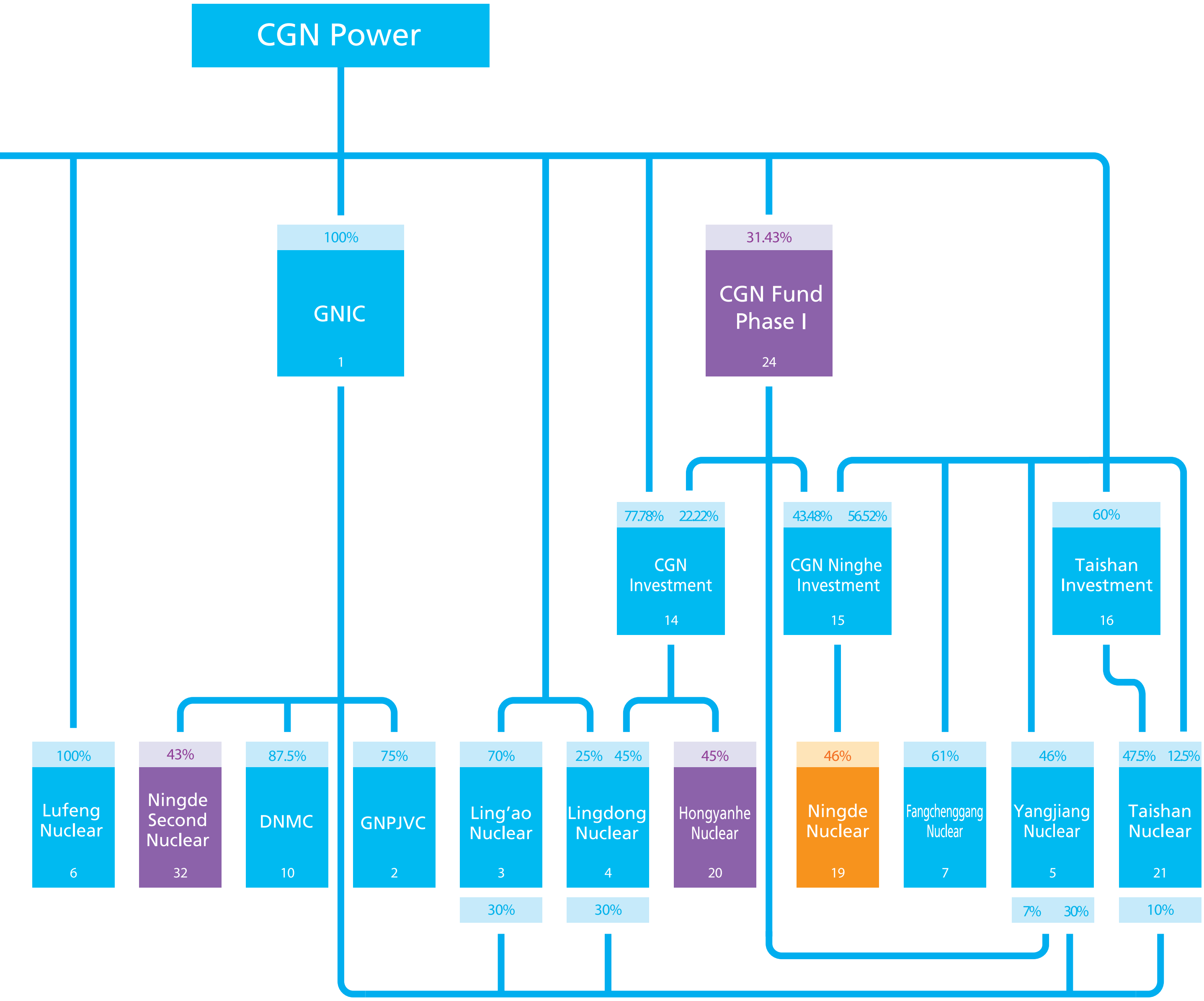
Since the Company acquired two subsidiaries under common control in 2015, the consolidated profit and loss and other comprehensive income statements for 2014 and the consolidated statements of financial position as of December 31, 2014 and December 31, 2013 of the Group had been restated.

100%	1	**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.
75%	2	**Guangdong Nuclear Power Joint Venture Co., Ltd. (廣東核電合營有限公司) ("GNPJVC")** GNPJVC is a Sino-foreign joint venture company established in the PRC on January 26,1985 with 75% of its equity interests held by GNIC and the remaining 25% by Hong Kong Nuclear Investment Company Limited (香港核電投資有限公司) ("**HKNIC**"). GNPJVC owns Daya Bay Nuclear Power Station.
100%	3	**Ling'ao Nuclear Power Co., Ltd. (嶺澳核電有限公司) ("Ling'ao Nuclear")** Ling'ao Nuclear is a limited liability company established in the PRC on October 4, 1995 with 70% of its equity interests held by our Company and 30% by GNIC, respectively. Ling'ao Nuclear owns Ling'ao Nuclear Power Station.
93.14%	4	**Lingdong Nuclear Power Co., Ltd. (嶺東核電有限公司) ("Lingdong Nuclear")** Lingdong Nuclear is a limited liability company established in the PRC on September 15, 2004 with 25% of its equity interests held by our Company, 30% by GNIC and 45% by CGN Investment, respectively. Lingdong Nuclear owns Lingdong Nuclear Power Station.
78.20%	5	**Yangjiang Nuclear Power Co., Ltd. (陽江核電有限公司) ("Yangjiang Nuclear")** Yangjiang Nuclear is a limited liability company established in the PRC on February 23, 2005 with 46% of its equity interests held by our Company, 30% by GNIC, 7% by CGN Fund Phase I, and the remaining 17% by Guangdong Yudean Group Co., Ltd. (廣東省粵電集團有限公司), respectively. Yangjiang Nuclear owns Yangjiang Nuclear Power Station.
100%	6	**CGN Lufeng Nuclear Power Co., Ltd. (中廣核陸豐核電有限公司) ("Lufeng Nuclear")** Lufeng Nuclear is a limited liability company established in the PRC on February 20, 2008 and a wholly-owned subsidiary of our Company.
61%	7	**Guangxi Fangchenggang Nuclear Power Co., Ltd. (廣西防城港核電有限公司) ("Fangchenggang Nuclear")** Fangchenggang Nuclear is a limited liability company established in the PRC on September 3, 2008 with 61% of its equity interests held by our Company, and the remaining 39% by Guangxi Investment Group Co., Ltd. **(廣西投資集團有限公司)**, respectively. Fangchenggang Nuclear owns Fangchenggang Nuclear Power Station.
100%	8	**China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司) ("CGN Engineering")** CGN Engineering is a limited liability company established in the PRC on November 11, 1997 and a wholly-owned subsidiary of our Company.
100%	9	**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.
87.5%	10	**Daya Bay Nuclear Power Operations and Management Co., Ltd. (大亞灣核電運營管理有限責任公司) ("DNMC")** DNMC is a limited liability company established in the PRC on March 12, 2003 with 87.5% of its equity interests held by GNIC and the remaining 12.5% by CLP Nuclear Power Operations & Management (China) Limited (中電核電運營管理（中國）有限公司), respectively.
100%	11	**China Nuclear Power Technology Research Institute Co., Ltd. (中廣核研究院有限公司) ("CNPRI")** CNPRI is a limited liability company established in the PRC on November 8, 2006, the name of which was changed from China Nuclear Power Technology Research Institute Co., Ltd. (中科華核電技術研究院有限公司) on October 28, 2015 in accordance with the law, and a wholly-owned subsidiary of the Company.
100%	12	**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.
100%	13	**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.
84.76%	14	**CGN Nuclear Power Investment Co., Ltd. (中廣核核電投資有限公司) ("CGN Investment")** CGN Investment is a limited liability company established in the PRC on October 11, 2011 with 77.78% and 22.22% of its equity interests held by our Company and CGN Fund Phase I, respectively.
70.19%	15	**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.



Note: The above data is up to 31 December, 2016.

60%	16	**Taishan Nuclear Power Industry Investment Co., Ltd. (台山核電產業投資有限公司) ("Taishan Investment")** Taishan Investment is a limited liability company established in the PRC on December 8, 2011 with 60% of its equity interests held by the Company and the remaining 40% by Guangdong Yudean Group Co., Ltd. (廣東省粵電集團有限公司).
100%	17	**China Daya Bay Nuclear Power Technology Research Institute Co., Ltd. (中國大亞灣核電技術研究院有限公司) ("Daya Bay Research Institute")** Daya Bay Research Institute is a limited liability company established in the PRC on May 9, 1988 and a wholly-owned subsidiary of CNPRI.
90%	18	**Nanjing Xinsu Thermoelectricity Co., Ltd. (南京新蘇熱電有限公司) ("Xinsu Thermoelectricity")** Xinsu Thermoelectricity is a limited liability company established in the PRC on September 11, 2001 with 90% of its equity interests held by Suzhou Nuclear Power Research Institute and the remaining 10% by Nanjing Jiangning State-owned Asset Operation Group Co., Ltd. (南京江寧國有資產經營集團有限公司).



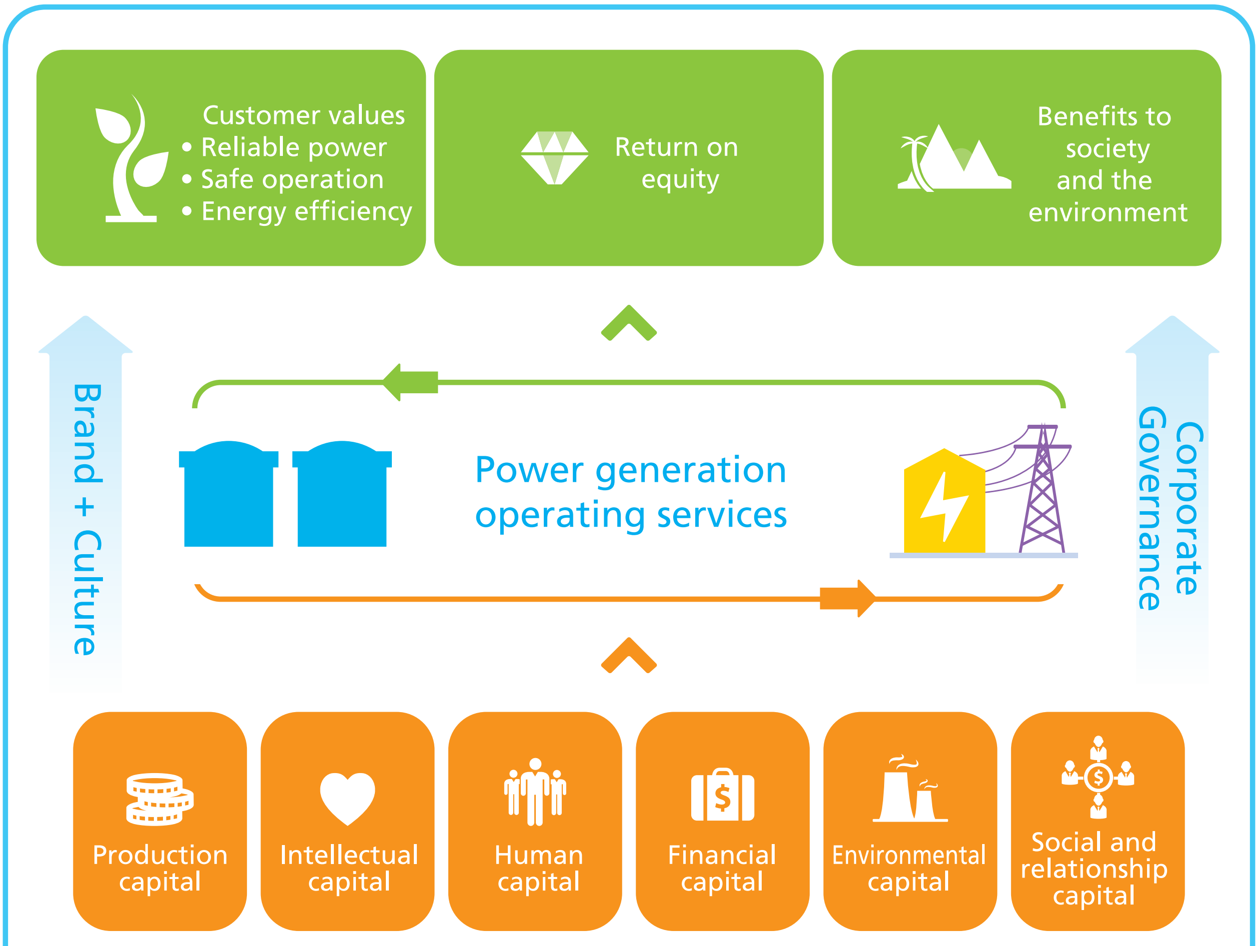
32.29%	19	**Fujian Ningde Nuclear Power Co., Ltd. (福建寧德核電有限公司) ("Ningde Nuclear")** Ningde Nuclear is a limited liability company established in the PRC on March 23, 2006 with 46% of its equity interests held by CGN Ninghe Investment and the remaining 44% and 10% by Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司) and Fujian Energy Group Co., Ltd. (福建省能源集團有限責任公司), respectively. Ningde Nuclear owns Ningde Nuclear Power Station. Ningde Nuclear is a joint venture of the Company.

38.14%	20	**Liaoning Hongyanhe Nuclear Power Co., Ltd. (遼寧紅沿河核電有限公司) ("Hongyanhe Nuclear")** Hongyanhe Nuclear is a limited liability company established in the PRC on August 28, 2006 with 45% of its equity interests held by CGN Investment, and the remaining 45% and 10% by CPI Investment Nuclear Power Co., Ltd. (中電投核電有限公司) and Dalian Construction Investment Co., Ltd. (大連市建設投資集團有限公司), respectively. Hongyanhe Nuclear owns Hongyanhe Nuclear Power Station. Hongyanhe Nuclear is an associated company of the Company.
51%	21	**Taishan Nuclear Power Joint Venture Co., Ltd. (台山核電合營有限公司) ("Taishan Nuclear")** Taishan Nuclear is a limited liability company established in the PRC on July 5, 2007 with 12.5% of its equity interests held by our Company, 10% by GNIC, 47.5% by Taishan Investment, and the remaining 30% by EDF International and its subsidiary EDF (China) Holding Ltd.. Taishan Nuclear owns Taishan Nuclear Power Station.
75%	22	**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..
75%	23	**China Nuclear Power (Beijing) Simulation Technology Corporation Ltd. (中廣核(北京)仿真技術有限公司) ("CGN Simulation Technology")** CGN Simulation Technology is a limited liability company established in the PRC on May 9, 2008 with 75% of its equity interests held by CNPRI and the remaining 25% by Western Service Corporation-China LLC.
31.43%	24	**CGN Industry Investment Fund Phase I Co., Ltd. (中廣核一期產業投資基金有限公司) ("CGN Fund Phase I")** CGN Fund Phase I is a limited liability company established in the PRC on June 30, 2010 with 31.43% of its equity interests held by our Company, and the remaining 28.57%, 20%, 7.39%, 7.14% and 5.47% by Three Gorges Capital Holdings Co., Ltd. (三峽資本控股有限公司), 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.
51%	25	**Beijing Ric Nuclear Instrument Joint Venture Co., Ltd. (北京中法瑞克核儀器有限公司) ("Beijing Ric Nuclear Instrument")** Beijing Ric Nuclear Instrument is a limited liability company established in the PRC on December 9, 2010 with 51% of its equity interests held by CNPRI and the remaining 49% by Areva. Beijing Ric Nuclear Instrument is a joint venture of the Company.
100%	26	**CGN (Shenzhen) Radiation Monitoring Technology Co., Ltd. (中廣核 (深圳) 輻射監測技術有限公司) ("CRTC")** CRTC is a limited liability company established in the PRC on March 12, 2015 and a wholly-owned subsidiary of Suzhou Nuclear Power Research Institute.
60%	27	**China Nuclear Power Design Co., Ltd. (Shenzhen) (深圳中廣核工程設計有限公司) ("CGN Design")** CGN Design is a limited liability company established in the PRC on May 18,2005 with 60% of its equity interest held by CGN Engineering and the remaining 40% by Guangdong Electric Power Design Institute Co., Ltd. (廣東省電力設計研究院).
100%	28	**Shanghai China General Nuclear Power Engineering Co., Ltd. (上海中廣核工程科技有限公司) ("CGN Shanghai")** CGN Shanghai is a limited liability company established in the PRC on August 29, 2007 and is a wholly-owned subsidiary of CGN Engineering.
100%	29	**CGN Import & Export Co., Ltd. (中廣核電進出口有限公司) ("CGN Import & Export")** CGN Import & Export is a limited liability company established in the PRC on June 27, 1995 and is a wholly-owned subsidiary of CGN Engineering.
55%	30	**Worldwide Engineering CGNPC AREVA Nuclear Co., Ltd. (中珐國際核能工程有限公司) ("CGNPC AREVA")** CGNPC AREVA is a limited liability company established in the PRC on July 26, 2010 with 55% of its equity interest held by CGN Engineering and the remaining 45% by Areva.
30%	31	**CGN Finance Co., Ltd. (中廣核財務有限責任公司) ("CGN Finance")** CGN Finance is a limited liability company established in the PRC on July 22, 1997 with 30% of its equity interest held by CGN Engineering and the remaining 66.66% and 3.34% by CGNPC and CGN Services Group Co., Ltd. (**"CGN Services Group"**) respectively.CGN Finance is an associate of the Company.
43%	32	**Fujian Ningde Second Nuclear Power Co., Ltd. (福建寧德第二核電有限公司) ("Ningde Second Nuclear")** Ningde Second Nuclear is a limited liability company established in the PRC on December 9, 2016 with 43% of its equity interest held by GNIC and the remaining 47% and 10% by China Datang Corporation Nuclear Power Company Limited (中國大唐集團核電有限公司) and Fujian Funeng Co., Ltd. (福建省能源集團有限責任公司) respectively. Ningde Second Nuclear is an associate of the Company.

Business at a glance for the year

Business Model

The core business of the Company focuses on nuclear power-based electricity supply and services. Through years of nuclear power plant construction and operation 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.



Strategies:

- Maintain and improve safety management based on our principle of "Safety First, Quality Foremost, Pursuit of Excellence";
- Strengthen our leading position in the domestic market and pursue international expansion;
- Continue to control costs and improve profitability; and
- People-oriented to achieve collaborative development.

The Chairman presents our development strategy

Chairman's Statement

"Seizing opportunities and achieving steady development"

Dear shareholders:

In 2016, CGN Power secured a steady growth in terms of its operational scale and results. We put 5 new units into operation and the number of nuclear power units in operation under our management reached 19, with a total installed capacity of 20.38 gigawatts, accounting for 60.6% of the total nuclear power installed capacity in operation of China. During the year, the number of units under construction managed by the Company reached 9, with a total installed capacity of 11.36 gigawatts, accounting for 46.4% of the total nuclear power installed capacity under construction of China, of which 1 unit of the Company (Fangchenggang Unit 4) commenced construction at the end of the year. Revenue of the Group for the full year was RMB32.890 billion, a year-on-year increase of 22.7% (after restatement). Profit attributable to the owners of the Company for the full year after deducting net exchange gains/losses was RMB7.544 billion, a year-on-year increase of 12.0% (after restatement). Based on the earnings during the year, the Board of Directors recommended the payment of a dividend of RMB0.051 per share (tax inclusive) for the year. In 2016, international environment remained volatile, and China's economic development entered a new normal with policy adjustments, structural optimization, continuous implementation of power system reform and other complicated external factors, which posed a significant impact on our operation and development. The Company owes its notable results to the hard work of all the employees and the steadfast support of its shareholders, clients, business partners and other stakeholders. On behalf of the Board of Directors, I would like to take this opportunity to express my heartfelt gratitude to all shareholders and our supporters from all walks of life who have led us along the way!

As a power supplier and service provider specializing in nuclear power business, we regard nuclear safety as our foundation and focus on safety and quality management. Since the end of 2015, the Nuclear Safety Committee under the Board of Directors has listened to the specific reporting on the Company's safety management at each meeting, checked safety management, and further enhanced the implementation of our safety measures for actual practice. In 2016, the Nuclear Safety Committee under the Board of Directors also provided clear opinions and advice on the special safety and quality improvement schemes for construction and operation of nuclear power projects, which required the continuous implementation of the top-down safety culture building, thereby further enhancing the Company's safety quality management and strengthening the Company's capabilities in safety quality risk resistance.

The Company has established a complete risk management system. In 2016, in face of the changes in external environments, through an effective risk management system, we thoroughly analyzed the potential impacts of the changes on the Company's operation and adopted corresponding measures in a timely manner. Faced with the market-oriented power transactions, we paid attention to the overall interest of the Company while adopting effective and flexible measures according to the characteristics of different regions, obtaining more favorable on-grid power generation and tariffs. In the past two years, as the exchange rate fluctuation was significant, in respect of foreign currency debt management, we upheld the prudence principle and focused on cost control rather than earnings. The impact of exchange rate fluctuation on the operational cost and earnings of the Company was mitigated by reduction in exchange rate exposure of foreign currency debt.

Many shareholders attended the extraordinary general meeting ("**EGM**") convened in November 2016 to show their trust and support as well as their expectation to the Company. We are encouraged and have a great sense of responsibility. We will seize the development opportunities and maintain the steady operation and development of the Company to share the Company's results with shareholders. We took an active and transparent approach with integrity for a close communication with our shareholders, put great emphasis on shareholders' opinions and advice, reflect on our business management system and value the shareholders' trust and confidence on the Company with rewards to them. In 2016, we published quarterly briefing reports on operation of the Company and overseas regulation announcements in relation to financial information; we implemented active communication together with on-site visit, study and exchange to respond to issues concerned by shareholders and other interested parties and allow timely understanding of our operation.

Last year, I have mentioned that the nuclear power industry of China will enter a fast-growing golden development period according to the national nuclear power development plan. We have to fully grasp development opportunities, commit ourselves to the steady operations of the Company and sustain a steady growth in business scale and results.

During this year, we completed the first acquisition project of the Company after listing: the Company acquired 61% equity interest in Fangchenggang Nuclear, 100% equity interest in Lufeng Nuclear and 100% equity interest in CGN Engineering held by CGN, our controlling shareholder. The acquisition was significant to the Company. The completion of the acquisition enlarged our installed capacity, expanded our nuclear power technologies, achieved an extension of the industrial chain from operation to engineering, which helps to reduce the overall construction costs of nuclear power stations and improve management efficiency and long-term competitiveness.

Chairman's Statement

For nuclear power projects, due to the large scale of installation, long construction period, large amount of investment and the corresponding risks, the majority of nuclear power companies choose to establish joint ventures with strategic investors to construct nuclear power stations without changing their holding position. Such method can moderately reduce the risks of nuclear power projects under construction and are good for the future development of the Company. In the current situation of slow growth of power consumption and continuous power system reform, with the strategy of introducing appropriate strategic investors, we hope to further improve the level of operation and management of nuclear power projects and enhance integrated competitiveness in the power market, in order to achieve the future sustainable development of the Company. For example, in the second half of 2016, we transferred our 17% equity interests in Yangjiang Nuclear through public tender. After the completion of transfer, Yangjiang Nuclear will remain to be our subsidiary.

In 2016, the global economic downturn remained unchanged, so was the development trend of clean and low carbonized global energy. The development of nuclear power and other clean energy is still widely valued and it is still the only choice to deal with climate change and achieve the emission reduction targets of Paris Agreements. Meanwhile, the global political environment tends to be more and more complicated, the financial market is repeatedly turbulent and the exchange rate fluctuation risk still exists. From the domestic perspective, China's economy continued to grow and become better. The advancing pace of adjusting energy structure has not changed, which can be seen from the policies on the 13th Five-year (2016 to 2020) Plan (the "**13th Five-year Plan**") in relation to the national economic and social development released by the State: the policy and plan for the safe and efficient development of nuclear power have not been changed. Currently, the power over-supply continues to exist, the power system reform is still at its beginning stage and the relevant supporting policies still have room to improve. We believe with the deepening of the reform, the power market will enter into the rational track of operation and the current problems will be gradually resolved.

2016 is the beginning year of the 13th Five-year Plan. We have fully prepared for the possible construction of nuclear power projects. Through the study of the power market reform and the implementation of coping strategies, we have made some progress in power marketing. Facing the future, in addition to seizing the development opportunities, we shall also gain a deeper understanding of the characteristics of market development and requirements, to effectively control costs, actively respond to external uncertainties and fully stimulate the vitality of enterprises in order to achieve a safe development and reward the society and shareholders with the sound management and stable development of the Company.

Zhang Shanming
Chairman
March 15, 2017

The Chairman presents our development strategy

President's Review

"Safety, Stability and Challenge"

In 2016, the number of nuclear power units in operation of CGN Power reached 19, and the number of units under construction reached 9. I will present a summary of the key work and performance of the Company for the year and highlight its major plans for the future. The detailed analysis of the Company's business is set forth in the relevant sections of this Annual Report.

Safety Management

Nuclear safety is the lifeline of nuclear power companies. We always adhere to the principles of "Nuclear Safety is Paramount" and "Safety First, Quality Foremost, Pursuit of Excellence". These principles apply to various stages of design, construction, operation and decommissioning of the nuclear power stations. With rapid expansion in our business scale, we have to enhance our safety awareness from top to bottom and required every employee to follow and strictly comply with procedural requirements, so as to ensure safety.In 2016, the Company established the Nuclear Safety Committee for consideration and decision-making of significant matters of nuclear safety among various nuclear power plants to enhance the overall standard of nuclear safety. In respect of safety culture awareness, we focused on strengthening the exemplary effect of senior management. In April 2016, we organized a forum with the theme at "Solidifying and strengthening the foundation, making safety a habit and prioritizing nuclear safety" for responsible persons of various departments of the Group and its subsidiaries and associates. Participants seriously reflected and committed in respect of their safety management understanding in their respective business fields during the forum. We also launched the "On-site Management" activities, requiring the management of each level to go into the operation site to strengthen the safety awareness of front-line staff. Through these activities, the safety awareness of the Company's staff was further enhanced and their work habits of strict compliance with procedures further strengthened.

In 2016, our safety management system was effective in identifying hidden risks in a timely manner and such risks were reported and handled according to relevant procedures. As at the end of 2016, there was no level 2 or above nuclear events on the INES ("International Nuclear Event Scale" by the International Atomic Energy Agency) system to our operating units.The industrial accident rate per 200,000 labour hours of nuclear power project construction was 0.006. We believe that safety management of production and operation and construction of nuclear power stations should never be relaxed, and we must continue to pursue higher goals. We will continue our management efforts.

In respect of safety management, we persist in carrying out international benchmarking, hosting exchange and learning activities with international industry institutions and other enterprises. In 2016, we introduced Corporate Peer Review ("**CPR**") conducted by inviting World Association of Nuclear Operators ("**WANO**"). We also invited WANO to conduct CPRs and follow-up visits to nuclear power stations managed by us to enable us to analyze the underlying causes of deficiencies, develop and implement improvement plans.

Operation Management

In 2016, Yangjiang Unit 3, Fangchenggang Unit 1, Hongyanhe Unit 4, Ningde Unit 4 and Fangchenggang Unit 2 successively commenced commercial operation and the number of generating units in operation under our management increased to 19. We continued to implement "professional, centralized and standard" management strategies. All of our operating units achieved safe operation during the year. In 2016, according to the ranking of performance indicators of WANO, 18 of the operating units of the Company (Fangchenggang Unit 2 with operation for less than one quarter was excluded) achieved top $^{1}/_{4}$ in 72.2% of the indicators, with 63.9% achieving top $^{1}/_{10}$. Compared with the figures for 2015, units' WANO percentages of top $^{1}/_{4}$ achievement remained stable and was improved. The number of unplanned automatic scrams is one of the key performance indicators to determine safe operation of units. In 2016, unplanned automatic scrams happened only once among the 19 operating units of the Company and it has been the best achievement of the indicator since the commencement of multi-bases operation of the Company. Capacity factor is a key benchmark that measures a generating unit's electricity production capacity and reliabilty and reflects its operating performance and maintenance quality. In 2016, the average capacity factor of the 18 nuclear power generating units in operation (Fangchenggang Unit 2 with operation for less than one quarter was excluded) of the Company first exceeded 90% for the last five years. The continuous increase in generating units in operation together with the increase in the indicators reflected the continuous enhancement of our management control capabilities over the generating units.

As new generating units commenced operation one after another, the number of refueling outages of each year rapidly increased. The number of refueling outages surged to 12 in 2016, which was at a historic high. Through professional, centralized and standard outage management, under coordinated arrangement and centralized command of outage projects made in light of regional electricity markets, as well as reasonable deployment of overhaul resources, we gradually strengthen the cooperative working mode in different power plants. We completed outages smoothly during the year and the outages did not cause any critical equipment failure and unplanned automatic scrams. The quality of outages also laid the foundation for safe operation of units in the upcoming fuel cycle.

Under the new circumstances brought about by slowdown of growth rate of electricity consumption and the current power system reform, despite the great challenges in marketing of electricity faced by the Company in 2016, we strived to ensure the safe and steady operation of generating units, with on-grid power generation of 115,583.6 GWh, representing a year-on-year increase of 30.8%. We actively communicated with all levels of government and power grid to strive for policy support on preferential allocation in relation to nuclear power and clean energy. On the other hand, on the basis of ensuring overall interest of the Company, we adopted target-oriented sales strategies in accordance with specific circumstances of different regional power markets to strive for more power generation and better market power generation and tariff. With the support from relevant ministries of the State, local governments and power grid, we seized the market opportunities. In 2016, Hongyanhe

Nuclear Power Station have 3 nuclear power units simultaneously generating electricity in the winter for the first time, increasing power plant utilization.

Construction Project

At the end of 2016, the number of power plants being built and managed by us has reached 9, of which the construction of Fangchenggang Unit 4 begun at the end of the year.

In relation to the nuclear power project, starting from Daya Bay Nuclear Power Station, we have continuously accumulated and cultivated many construction projects and management talents for the construction and management of nuclear power projects. We have formed a set of effective management models and construction control methods. Taking the design as the leading business and the planning as the direction, we implement 6 controls on construction projects, such as progress, technologies, quality, safety, environment, and investment, and established the experience feedback channel among power units in construction and those in operation, so as to ensure the safety quality and control in construction costs of the nuclear power items in construction and lay a solid foundation for the safe and stable operation of power units after production. For instance, Yangjiang Unit 4, currently in the commissioning stage, first reached its criticality on December 30, 2016, connected to grid for the first time on January 8, 2017, being the Group's best performing unit on various construction nodes. As the Chairman of the Board mentioned, in 2016, we acquired CGN Engineering, which will be helpful in enhancing the safety and effectiveness of the quality control and management efficiency of the nuclear power projects under construction, having a positive effect on the construction period and the overall cost control and future operation cost of the projects.

Taishan nuclear power project was the first nuclear power project we have built, through using third generation technology, at a pace exceeding other similar project already under construction in the world. Taishan Unit 1 entered into the early stage of hot functional test on November 5, 2016 with its safety quality in compliance with the national standard and regulatory requirement. In 2017, Taishan Nuclear will conduct a series of testing and design verification as planned according to the design specification. It is challenging for us to smoothly complete the work. We have already conducted deep analysis and sufficient preparation. On the basis of ensuring safety and quality, we completed the series work as planned before production.

Following the commencement of the construction of Fangchenggang Unit 3 in December 2015, the construction of Fangchenggang Unit 4 begun on December 23, 2016, being the first nuclear power unit starting construction in the 13th Five-year Plan period. Fangchenggang Units 3 and 4 also adopted the third-generation nuclear power technology of HPR1000 as the demonstration projects in the nation, which will have key effect on the promotion and application of such nuclear power technology. Currently, the two units are also in the civil construction phase progressing smoothly.

In 2016, we acquired Lufeng Nuclear, and in accordance with the State's approval, Lufeng Units 1 and 2 will adopt the third-generation technology AP1000. Currently, we are in the process of preliminary preparation for the project.

President's Review

Technology Development

Our technology development takes the excellence of nuclear power performance and its future development as goals. We not only pay attention to the enhancement of safety, reliability, and economy brought by improvement in the technology, but also value the grasp of technologies needed for future development, in order to continuously enhance the core competitiveness and development of the Company, helping the future business development and market competition.

The HPR1000 technology, of which we have the independent intellectual property rights, has been applied to the construction of Fangchenggang Units 3 and 4. This will be helpful to the optimization and consolidation of our self-designed products, so as to enhance our ability of designing, consolidate the procurement demands, and comprehensively improve our overall control over projects. In relation to the Group's first AP1000 project, we have done good work on the cultivation of the abilities of self-commissioning, operating and maintaining. After the nation confirmed that the third-generation technology will be adopted in more nuclear power projects in the future, the technologies we have mastered basically covered all third-generation of technologies. Meanwhile, in relation to our independently developed offshore small modular reactors ACPR50S, which has been included in the entries of international small modular reactors by the International Atomic Energy Agency ("**IAEA**"). we are currently pushing forward the construction of experiment reactor platform.

During 2016, the number of patents we have registered for has reached 732, which consolidated the basis for the Company's innovation. The introduction and application of these scientific researches will be included with details in the "Intellectual Capital" section of this Annual Report.

Future Outlook

With the changes in China's general economic development and the deepening of the reform in the power market of the nation, the Company's operating businesses will encounter many new demands. We will consistently maintain the honest and transparent cultural concept on nuclear safety, insist on the basic principles of "Safety First, Quality Foremost, Pursuit of Excellence" and the core value of "Doing Things Right in One Go" by-actively planning and positively handling.

In the following year, we plan to have 2 units to be put into commercial operation. We will consistently place high attention over the safety and stability of units in operation and continue to optimize power generating cost. Meanwhile, we will actively adapt to changes in the trends of the power market, striving to generate more on-grid power. In relation to projects under construction, we will continue to optimize the construction management so as to ensure the construction quality of projects and enhance the control over construction period and costs. We will also continue to invest in the research of new technologies to enhance our ability of research and development so that we can fully adapt to the new technologies needed for the future development of nuclear power.

In 2017, we will join forces with different parties and make an utmost effort to lay a solid foundation for the future development of the Company.

Mr. Gao Ligang
President
March 15, 2017

Shareholders' Value

The Board of Directors, the management and employees of the Company are responsible for creating value for our shareholders. As such, the Company will continue to maintain stable operational development and steady growth, while it will take an active and transparent approach with integrity for a close communication with our shareholders and safeguard the shareholders' trust and confidence on the Company with rewards to them. On December 31, 2016, CGN Power had 4,146 registered shareholders, but if taking into account individuals and institutions holding equity interests in the Company indirectly through intermediaries such as nominees, investment funds and the Central Clearing and Settlement System (CCASS) and the Shanghai Hong Kong Stock Connect, the Shenzhen Hong Kong Stock Connect, the actual number of investors would be much higher.

Dividend distribution

The final dividend for the year ended December 31, 2015 was RMB0.042 (tax inclusive) per share and the Company had completed the distribution at July 31, 2016.

The Board has proposed to declare a final cash dividend of RMB0.051 (tax inclusive) per share for the year from January 1, 2016 to December 31, 2016 to our shareholders as of the record date of dividend payment. The distribution ratio of the final dividend is determined based on various factors including the 2016 business performance of the Company. Final dividends of this year will be distributed after being approved by our shareholders at the 2016 annual general meeting ("**AGM**") of the Company and are expected to be distributed around July, 2017.

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

The Major Forms of Communication with Shareholders and Investors

Investor relations have always been regarded as highly important by the Company, the Board and our management. The Company has established the Investor Relations Management System of CGN Power Co., Ltd., the Information Disclosure Management System of CGN Power Co., Ltd. and other systems to regulate the management of investor relations through these systems.

Due to the change of the registered address of the Company, the Company has updated the Policy on Shareholders' Communication in 2016, in order to inform its shareholders and investors what the main channels and means of communication with the Company are in a timely manner, which has been published on the Company's website. We value the views and feedback of shareholders and investors and strive to enhance communication between the Company and shareholders and investors through various means. We consider and incorporate the advice and comments of shareholders and investors on the Company's development strategy, business model, production and construction, investment and financing strategies, financial management and other aspects in our operation and management, to achieve the alignment between the Company's business development and shareholders' value and protect the interests of shareholders.

Channels of communication with shareholders and investors:

- Annual report, interim report, ESG Report and quarterly report of the Company.
- AGM: The 2016 AGM is proposed to be held in May 2017.
- Company website (www.cgnp.com.cn): An Investor Relations column has been established to publish information and materials relevant to investors.
- Results announcement conference: Introduce to investors the Company's annual results and interim results operations.
- Hotlines and e-mails for investor relations: Conduct daily communication and give reply to enquiries from shareholders and investors in a timely manner.
- Results roadshow: After the publication of annual and interim results, organize annual results roadshow and interim results roadshow activities, to conduct sufficient communication with shareholders and investors on the Company's performance.

- Investors meetings: The Company arranges interviews between the management and the investors from time to time to listen to their opinions and suggestions.
- On-site inspections: The Company organizes shareholders, investors, analysts and other relevant persons to conduct on-site inspections of the nuclear power bases from time to time, so that they can understand the production and construction status of the nuclear power stations first-hand.
- Analyst teleconferences: Organize quarterly operation briefing teleconferences, to provide quarterly updates on safety production to shareholders, investors and analysts as well as serving a consultation and communication channel. Moreover, teleconferences will also be arranged in accordance with the conditions of the production and operation of the Company from time to time.

The Communication with Shareholders and Investors in 2016

In 2016, the Company mainly carried out the following communication activities:

- General meetings: The Company held the 2015 AGM and EGM in Hong Kong in May and November 2016 respectively.
- Roadshows: The Company organized 2015 annual results roadshow in March 2016, the 2016 interim results roadshow in August 2016, and roadshow on Acquisition in October 2016.
- Results announcement conferences: The Company organized the 2015 annual results announcement conferences in March 2016, 2016 interim results teleconference in August 2016.
- Quarterly operation briefing teleconferences: The Company held quarterly operation briefing teleconferences in January, April and July 2016 respectively.
- Reverse roadshows: The Company respectively organized investors and analysts to conduct on-site inspections of the Yangjiang nuclear power base and Fangchenggang nuclear power base in April and November 2016.

In April 2016, the Company organizes on-site inspections of the Yangjiang Nuclear Power Base for its investors and analysts.

Shareholders' Diary 2017

January

- Announcement of 2016 fourth quarter operation briefing
- 2016 fourth quarter operation teleconference

February

March

- Announcement of 2016 annual results
- 2016 annual results promotion

April

- Publication of 2016 annual report and ESG report
- Announcement of 2017 first quarter operation briefing
- 2017 first quarter operation teleconference

May

- 2016 annual general meeting

June

July

- Announcement of 2017 second quarter operation briefing
- 2017 second quarter operation teleconference
- Distribution of 2016 final dividend

August

- Announcement of 2017 interim results
- 2017 interim results promotion

September

October

- Announcement of 2017 third quarter operation briefing
- 2017 third quarter operation teleconference

November

December

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

Finance, Assets and Investment

Financial Performance and Analysis

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

Impact of restatement of 2015 Financial Statements

The Company has completed the Acquisition in 2016. As the Company and the Acquired Companies (the companies included in the Acquisition collectively referred to as the "**Acquired Companies**") are under common control of CGNPC, the above Acquisition has been recorded as a business combination under common control. The assets and liabilities of the Acquired Companies have been recognized at the carrying amounts previously recognized in CGNPC's consolidated financial statements. The financial data for 2015 in the consolidated financial statements of the Group has been restated as if the combination had occurred prior to the starting of the earliest period presented. The following table sets forth the impact of the restatement on the key items included in the consolidated financial statements for 2015:

	For the year ended December 31,		
	2015 (Restated) RMB'000	2015 (Before restatement) RMB'000	Movements increase/ (decrease) RMB'000
Revenue	26,795,904	23,262,898	3,533,006
Net exchange (losses) gains	537,115	532,327	4,788
Effects of net exchange (losses) gains on profit for the year attributable to owners of the Company	292,233	292,957	(724)
Profit for the year attributable to owners of the Company (net of effects of net exchange (losses) gains)	6,737,150	6,300,689	436,461
Profit for the year attributable to owners of the Company	7,029,383	6,593,646	435,737
Total assets	271,365,553	217,801,358	53,564,195
Total liabilities	186,045,920	139,091,585	46,954,335
Total equity	85,319,633	78,709,773	6,609,860
Equity attributable to owners of the Company	60,855,416	56,636,949	4,218,467

For details of the effects of the restatements on the consolidated financial statements for 2016, please refer to note 2 to the consolidated financial statements of this annual report.

The following analysis is conducted based on the restated statements.

KEY FINANCIAL INDICATORS

Item	2016	2015 (Restated)
Indicators of profitability		
EBITDA margin (%)[1]	55.9	60.3
Net profit margin (%)[2]	27.1	31.9
Indicators of investment returns		
Return on equity attributable to owners of the Company (%)[3]	12.4	11.4
Return on total assets (%)[4]	4.9	4.7
Indicators of solvency		
Asset-liability ratio (%)[5]	71.5	68.6
Debt to equity ratio (%)[6]	195.4	170.2
Interest coverage[7]	1.7	1.5

Notes:

(1) The sum of profit before taxation, finance costs, depreciation and amortization divided by revenue and multiplied by 100%.

(2) Profit for the year divided by revenue and multiplied by 100%.

(3) Profit for the year attributable to owners of the Company divided by average equity attributable to owners of the Company (the arithmetic mean of the opening and closing balances) and multiplied by 100%.

(4) The sum of profit before taxation and finance costs divided by the average sum of current assets and non-current assets (the arithmetic mean of the opening and closing balances) and multiplied by 100%.

(5) The sum of current liabilities and non-current liabilities divided by the sum of current assets and non-current assets and multiplied by 100%.

(6) Net debt (the total amount of bank and other borrowings less cash and cash equivalents and other deposits over three months) divided by total equity and multiplied by 100%.

(7) The sum of profit before taxation and finance costs divided by the sum of finance costs and capitalized interest.

Financial Performance and Analysis

FINANCIAL RESULTS AND ANALYSIS

	For the year ended December 31,			
	2016	2015 (Restated)	Movements increase/ (decrease)	Percentage change increase/ (decrease)
	RMB'000	RMB'000	RMB'000	%
Revenue	**32,890,307**	26,795,904	6,094,403	22.7
Net exchange (losses)gains	**(528,532)**	537,115	(1,065,647)	(198.4)
Effects of net exchange (losses)gains on profit for the year attributable to owners of the Company	**(257,143)**	292,233	(549,376)	(188.0)
Profit for the year attributable to owners of the Company (net of effects of net exchange (losses)gains)	**7,544,077**	6,737,150	806,927	12.0
Profit for the year attributable to owners of the Company	**7,286,934**	7,029,383	257,551	3.7

REVENUE

	For the year ended December 31,			
	2016	2015 (Restated)	Movements increase/ (decrease)	Percentage change increase/ (decrease)
	RMB'000	RMB'000	RMB'000	%
Sales of electricity (1)	**28,114,633**	21,542,239	6,572,394	30.5
Revenue from construction and design contracts (2)	**2,820,090**	3,222,574	(402,484)	(12.5)
Technical and training service revenue	**1,029,728**	1,061,557	(31,829)	(3.0)
Sales of equipment and other goods	**925,856**	969,534	(43,678)	(4.5)
Total revenue	32,890,307	26,795,904	6,094,403	22.7

(1) The increase in revenue from sales of electricity was primarily due to the increase of 31.33% for the year as compared with that of 2015 in our subsidiaries' on-grid power generation, which in turn mainly caused by the commencement of commercial operation of Fangchenggang Unit 1 and Unit 2 and Yangjiang Unit 2 and Unit 3 on January 1, 2016, October 1, 2016, June 5, 2015 and January 1, 2016, respectively.

(2) The decrease in revenue from construction and design contracts was primarily due to the fact that with the commencement of commercial operation of units of Hongyanhe and Ningde projects under construction. CGN Engineering' s revenue from construction and design contracts from Hongyanhe Nuclear and Ningde Nuclear decreased.

COST OF SALES AND SERVICES

	For the year ended December 31, 2016	2015	Movements increase/ (decrease)	Percentage change increase/ (decrease)
		(Restated)		
	RMB'000	RMB'000	RMB'000	%
Cost of sales of electricity	**14,139,637**	10,259,358	3,880,279	37.8
Of which: Cost of nuclear fuel (1)	**4,212,184**	3,260,084	952,100	29.2
Depreciation of property, plant and equipment (2)	**4,052,283**	2,932,682	1,119,601	38.2
Provision for spent fuel management (3)	**1,061,545**	834,213	227,332	27.3
Cost of construction and design contracts	**2,499,180**	2,537,285	(38,105)	(1.5)
Others	**1,457,388**	1,518,894	(61,506)	(4.0)
Total cost of sales and services	**18,096,205**	14,315,537	3,780,668	26.4

(1) The increase in cost of nuclear fuel was primarily due to the increase of 31.33% for the year as compared with that of 2015 in our subsidiaries' on-grid power generation.

(2) The increase in depreciation of property, plant and equipment was primarily due to the depreciation costs incurred by Fangchenggang Unit 1 and Fangchenggang Unit 2 which commenced commercial operation on January 1, 2016 and October 1, 2016, respectively and the depreciation costs incurred by Yangjiang Unit 2 and Yangjiang Unit 3 which commenced commercial operation on June 5, 2015 and January 1, 2016, respectively.

(3) The increase in provision for spent fuel management was primarily due to the provision for spent fuel management for Lingdong Unit 1 and Lingdong Unit 2 which have reached 5 years of commercial operation in September 2015 and August 2016, respectively.

Financial Performance and Analysis

OTHER INCOME

	For the year ended December 31,			
	2016	2015	**Movements increase/**	**Percentage change increase/**
		(Restated)	**(decrease)**	**(decrease)**
	RMB'000	RMB'000	RMB'000	%
Value-added tax refunds (1)	**1,315,548**	1,378,530	(62,982)	(4.6)
Interest income from bank deposits (2)	**53,407**	218,869	(165,462)	(75.6)
Interest income from an associate	**172,738**	207,293	(34,555)	(16.7)
Government grants (3)	**79,715**	170,600	(90,885)	(53.3)
Others	**36,282**	53,786	(17,504)	(32.5)
Total other income	**1,657,690**	2,029,078	(371,388)	(18.3)

(1) Value-added tax refunds are recognized upon receipt. The decrease in value-added tax refunds was mainly due to the fact that the process of value-added tax refunds in 2016 was slower than that of 2015 as affected by many factors.

(2) The decrease in interest income from bank deposits was mainly due to the significant decrease in cash and cash equivalents in 2016 as compared with that of 2015 with the gradual use of proceeds from global offering.

(3) The decrease in government grants was mainly due to the fact that our subsidiary recognized income from government grants of RMB82.4 million as material research and development projects passed the acceptance test in 2015.

OTHER GAINS AND LOSSES

	For the year ended December 31,			
	2016	2015	**Movements increase/**	**Percentage change increase/**
		(Restated)	**(decrease)**	**(decrease)**
	RMB'000	RMB'000	RMB'000	%
Net exchange (losses)gains	**(528,532)**	537,115	(1,065,647)	(198.4)
Others	**7,999**	(25,753)	33,752	131.1
Total other gains and losses	**(520,533)**	511,362	(1,031,895)	(201.8)

Our other gains and losses decreased from the gains of RMB511.4 million in 2015 to the losses of RMB520.5 million in the current year, which was mainly due to the decrease in net exchange (losses) gains. We held some debts denominated in foreign currency, most of which were held by Taishan Nuclear, for purchasing certain equipment, spare parts and relevant services for nuclear power projects from overseas markets and hence fluctuation in exchange rate of foreign currencies against RMB will affect our profits. In respect of our exchange rate fluctuation risk management, the Company has always aimed at cost control instead of profit making. In 2016, net exchange (losses)gains were at loss of RMB528.5 million and the impact on profit for the year attributable to owners of the Company was at loss of RMB257.1 million, mainly due to that the exchange rate of Euro and USD against RMB increased significantly. The exchange rate of Euro against RMB increased from 7.0952 at the end of 2015 to 7.3068 at the end of 2016. The exchange rate of USD against RMB increased from 6.4936 at the end of 2015 to 6.9370 at the end of 2016. In 2015, net exchange (losses)gains were at gain of RMB537.1 million and the impact on profit for the year attributable to owners of the Company was at gain of RMB292.2 million, mainly due to the significant depreciation of the exchange rate of Euro against RMB, with depreciation from 7.4556 at the end of 2014 to 7.0952 at the end of 2015. In 2016, the global economic growth continued to slow down and was recovering in hardship. Monetary policies of the Federal Reserve and major central banks in the world were divisive, intensifying the global capital flows and exchange rate fluctuations. Geopolitical events such as the Brexit, the US election and Italy constitutional referendum had a significant impact on the financial market. Facing the complex financial market environment, the Company adopted forward transactions, debt replacements and early repayments, etc. to reduce the impact of foreign currencies exchange rate fluctuation. As compared with the end of 2015, the balance of the Group's bank borrowings and other borrowings denominated in foreign currencies at the end of the Reporting Period decreased by RMB7,615.2 million in equivalent and its percentage in total bank borrowings and other borrowings decreased from 10.2% to 5.1%, reducing the impact of foreign currencies exchange rate fluctuation on net exchange (losses)gains of the Group.

SHARE OF RESULTS OF ASSOCIATES

Our associates mainly include Hongyanhe Nuclear, CGN Investment Fund Phase I and CGN Finance. Our share of results of associates increased from RMB368.6 million in 2015 to RMB539.4 million in 2016, primarily due to the increase in profit of Hongyanhe Nuclear.

SHARE OF RESULTS OF JOINT VENTURES

Our joint ventures mainly include Ningde Nuclear. Our share of results of joint ventures increased from RMB664.5 million in 2015 to RMB751.1 million in 2016, primarily due to the longer commercial operation period in 2016 than that in 2015 resulting from the commencement of commercial operation of Ningde Unit 4 on July 21, 2016 and the commencement of commercial operation of Ningde Unit 3 on June 10, 2015.

FINANCE COSTS

Our finance costs increased from RMB2,974.9 million in 2015 to RMB4,083.3 million in 2016, primarily due to the reason that since the commencement of commercial operation of Fangchenggang Unit 1, Fangchenggang Unit 2, Yangjiang Unit 2 and Yangjiang Unit 3 on January 1, 2016, October 1, 2016, June 5, 2015 and January 1, 2016, respectively, the corresponding interests on borrowings ceased capitalization and were charged to finance costs directly.

Financial Performance and Analysis

FINANCIAL POSITION

	December 31, 2016 RMB'000	December 31, 2015 (Restated) RMB'000	Movements increase/ (decrease) RMB'000	Percentage change increase/ (decrease) %
Total assets	**287,633,794**	271,365,553	16,268,241	6.0
Total liabilities	**205,735,121**	186,045,920	19,689,201	10.6
Total equity	**81,898,673**	85,319,633	(3,420,960)	(4.0)
Equity attributable to owners of the Company	**56,534,701**	60,855,416	(4,320,715)	(7.1)

CURRENT ASSETS

	December 31, 2016 RMB'000	December 31, 2015 (Restated) RMB'000	Movements increase/ (decrease) RMB'000	Percentage change increase/ (decrease) %
Inventories	**13,137,983**	12,940,437	197,546	1.5
Amounts due from customers for contract work (1)	**5,300,838**	3,280,422	2,020,416	61.6
Trade and bills receivables (2)	**5,735,493**	6,363,846	(628,353)	(9.9)
Prepayments and other receivables	**7,360,943**	6,915,091	445,852	6.4
Amounts due from related parties	**1,625,292**	1,364,424	260,868	19.1
Cash and cash equivalents (3)	**8,456,534**	11,381,296	(2,924,762)	(25.7)
Other deposits over three months	**2,047,000**	2,902,679	(855,679)	(29.5)
Other current assets	**160,547**	149,881	10,666	7.1
Total current assets	**43,824,630**	45,298,076	(1,473,446)	(3.3)

(1) The increase in amounts due from customers for contract work was primarily due to the increase in outstanding payments of completed contract work from Hongyanhe Nuclear by CGN Engineering.

(2) The decrease in trade and bills receivables was primarily due to receipt of certain construction payments by CGN Engineering.

(3) The decrease in cash and cash equivalents was primarily due to the completion of the Acquisition in 2016 by the Company and the payment of the first instalment for the Acquisition of RMB3,000.0 million.

CURRENT LIABILITIES

	December 31, 2016 RMB'000	December 31, 2015 (Restated) RMB'000	Movements increase/ (decrease) RMB'000	Percentage change increase/ (decrease) %
Trade and other payables [1]	**19,294,867**	17,759,008	1,535,859	8.6
Amounts due to customers for contract work	**855,926**	545,553	310,373	56.9
Amounts due to related parties [2]	**8,081,680**	1,532,038	6,549,642	427.5
Loans from ultimate holding company [3]	**1,025,500**	2,725,500	(1,700,000)	(62.4)
Loans from fellow subsidiaries [4]	**3,651,242**	200,000	3,451,242	1,725.6
Loans from an associate	**3,945,435**	3,218,275	727,160	22.6
Payable to ultimate holding company [5]	**—**	1,995,921	(1,995,921)	(100.0)
Bank borrowings - due within one year [6]	**20,806,759**	11,634,378	9,172,381	78.8
Notes payable - due within one year [7]	**5,600,000**	2,500,000	3,100,000	124.0
Other current liabilities	**1,906,254**	1,836,201	70,053	3.8
Total current liabilities	**65,167,663**	43,946,874	21,220,789	48.3

(1) The increase in trade and other payables was primarily due to the increase in operating activities such as purchase of raw materials and acceptance of services resulting from the increase in business scale of the Company.

(2) The increase in amounts due to related parties was mainly due to the facts that in 2016 the company incurred payable to ultimate holding company for the Acquisition of RMB 5,536.3 million, and that dividends payable to non-controlling shareholders of subsidiaries increased RMB 485.4 million in 2016 as compared with that in 2015.

(3) The decrease in loans from ultimate holding company was primarily due to the repayment of loans from ultimate holding company of RMB1,700.0 million by the Group in 2016.

(4) The increase in loans from fellow subsidiaries was primarily due to the increase in loans of RMB2,000.0 million from CGNPC International Financial Leasing Co., Ltd. and the transfer of loans of RMB1,650.0 million from CGNPC Huasheng Investment Co., Ltd. due within one year to current liabilities.

(5) The decrease in payable to ultimate holding company was due to the repayment of medium-term notes by the Company.

(6) The increase in bank borrowings due within one year was mainly due to the fact that with the commencement of operation of nuclear power generating units, some of the syndicated loans of our subsidiaries will be due within one year, and our subsidiaries increased short-term borrowings.

(7) The increase in notes payable due within one year was primarily due to the reason that 02 CGN bonds of RMB4,000.0 million will be due within one year.

Financial Performance and Analysis

NON-CURRENT ASSETS

	December 31, 2016 RMB'000	December 31, 2015 (Restated) RMB'000	Movements increase/ (decrease) RMB'000	Percentage change increase/ (decrease) %
Property, plant and equipment (1)	**216,509,163**	199,176,595	17,332,568	8.7
Intangible assets	**3,065,535**	2,991,275	74,260	2.5
Interests in associates (2)	**7,837,967**	7,005,105	832,862	11.9
Interests in joint ventures (3)	**4,199,132**	4,152,147	46,985	1.1
Deferred tax assets	**1,687,249**	1,500,789	186,460	12.4
Prepayments and value-added tax recoverable (4)	**6,277,564**	5,838,094	439,470	7.5
Prepaid lease payments	**2,959,611**	2,986,488	(26,877)	(0.9)
Other non-current assets (5)	**1,272,943**	2,416,984	(1,144,041)	(47.3)
Total non-current assets	**243,809,164**	226,067,477	17,741,687	7.8

(1) The increase in property, plant and equipment was primarily due to the reason that we continued to construct Yangjiang Nuclear Power Station, Taishan Nuclear Power Station, Fangchenggang Nuclear Power Station and Lufeng Nuclear Power Station.

(2) The increase in interests in associates was mainly due to the capital injection to associates and the increase in share of the results of associates.

(3) The increase in interests in joint ventures was mainly due to the capital injection to a joint venture and the increase in share of the results of joint ventures.

(4) The increase in prepayments and value-added tax recoverable was mainly due to the continuing construction of nuclear power stations, which leads to increase of value-added tax recoverable.

(5) The decrease in other non-current assets was mainly due to the transfer of part of the investment properties held by the Group to property, plant and equipment as a result of the use of relevant properties by the Group and the transfer of prepayments for purchase of property, plant and equipment to property, plant and equipment.

NON-CURRENT LIABILITIES

	December 31, 2016 RMB'000	December 31, 2015 (Restated) RMB'000	Movements increase/ (decrease) RMB'000	Percentage change increase/ (decrease) %
Borrowings and notes payable (1)	**132,475,608**	129,952,293	2,523,315	1.9
Provisions (2)	**2,467,433**	1,755,732	711,701	40.5
Loans from an associate	**2,989,975**	3,616,486	(626,511)	(17.3)
Loans from a fellow subsidiary (3)	—	3,680,000	(3,680,000)	(100.0)
Other non-current liabilities	**2,634,442**	3,094,535	(460,093)	(14.9)
Total non-current liabilities	**140,567,458**	142,099,046	(1,531,588)	(1.1)

(1) The increase in borrowings and notes payable was primarily due to the increase in long-term borrowings and notes payable by Yangjiang Nuclear Power, Taishan Nuclear Power and Fangchenggang Nuclear Power in order to meet the funding requirements for construction of nuclear power projects.

(2) The increase in provisions was primarily due to the increase in provision for nuclear power station decommissioning of RMB690.2 million by our subsidiaries.

(3) The decrease in loans from a fellow subsidiary was primarily due to the early repayment of certain loans of RMB2,030.0 million by our subsidiaries and the transfer of loans of RMB1,650.0 million due within one year to current liabilities.

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

As we completed the Acquisition in November 2016, pursuant to the merger accounting for business combinations under common control, we restated the financial data for 2015 in the Group's consolidated financial statements. As of December 31, 2015, the restated equity attributable to owners of the Company amounted to RMB60,855.4 million, representing an increase of RMB4,218.5 million as compared with RMB56,636.9 million being before the restatement, primarily due to (i) the increase in equity attributable to owners of the Company of RMB7,667.2 million by the portion attributable to owners of the Company in the equity of the Acquired Companies; (ii) the decrease in equity attributable to owners of the Company of RMB3,448.7 million by offsetting the accumulated transactions among the Group, associates, joint ventures and the Acquired Companies.

As of December 31, 2016, equity attributable to owners of the Company amounted to RMB56,534.7 million, representing a decrease of RMB4,320.7 million or 7.1% as compared with RMB60,855.4 million as of December 31, 2015, primarily due to (i) the decrease in equity attributable to owners of the Company of RMB1,384.2 million by the distribution of cash dividend to original shareholder by CGN Engineering before completion; (ii) we completed the Acquisition in 2016 and equity attributable to owners of the Company was reduced by the final acquisition consideration of RMB8,536.3 million; (iii) our cash dividend declared in 2016 resulted in a decrease in equity attributable to owners of the Company of RMB1,908.8 million; and (iv) total comprehensive income attributable to owners of the Company amounted to RMB7,505.9 million in 2016.

Assets and Investment

Save for the Acquisition, the Group was mainly engaged in the investment in construction of nuclear power generating units, technical improvement in the nuclear power stations in operation, and research and development of technologies related to nuclear power for the year ended December 31, 2016.

INVESTMENT IN PROPERTY, PLANTS AND EQUIPMENT

For the year ended December 31, 2016, our investment in property, plants and equipment amounted to approximately RMB21,857.4 million, representing a decrease of RMB1,187.5 million or 5.2% from RMB23,044.9 million in 2015, which was primarily used for the continuing construction of Yangjiang Nuclear Power Station, Taishan Nuclear Power Station, Fangchenggang Nuclear Power Station and Lufeng Nuclear Power Station. With the progress of project construction, the investment on property, plant and equipment for project construction decreased.

MAJOR INVESTMENTS IN EQUITY

For the year ended December 31, 2016, the Group increased its capital contribution in joint ventures and associates in the sum of RMB865.0 million, of which amounts of RMB282.8 million, RMB275.8 million, RMB83.4 million, RMB43.0 million and RMB180.0 million were made to Ningde Nuclear, Hongyanhe Nuclear, CGN Fund Phase I, Ningde Second Nuclear and CGN Finance, respectively.

MATERIAL ACQUISITION AND DISPOSAL

MAJOR ACQUISITION

On September 25, 2016, the Company and CGNPC entered into the share transfer agreement, pursuant to which, the Company acquired 61% equity interest in Fangchenggang Nuclear, 100% equity interest in Lufeng Nuclear and 100% equity interest in CGN Engineering held by CGNPC from CGNPC at the share transfer price of RMB9,920.5 million, with the share transfer price adjusted by agreement in accordance with the change in net asset between the appraisal base date and the date of completion. Both parties agreed that CGN Engineering will dispose of its 60% equity interest in China Techenergy Co., Ltd. prior to completion of the Acquisition.

On November 30, 2016, the Acquisition was completed by the Company upon approval by the general meeting. Between the appraisal base date and the date of completion, CGNPC received cash dividend of RMB1,384.2 million. The share transfer price was decreased pursuant to the share transfer agreement and the final price after adjustment was RMB8,536.3 million. Upon completion of the Acquisition, we directly hold 61% equity interest in Fangchenggang Nuclear, 100% equity interest in Lufeng Nuclear and 100% equity interest in CGN Engineering.

MAJOR DISPOSAL

On March 14, 2016, the Board has considered and approved the transfer of Nigang Road property from Guangdong Nuclear Power Joint Venture Co., Ltd. (a non-wholly owned subsidiary of the Company) to CGN Services Group (a wholly-owned subsidiary of CGNPC). The consideration for the property was approximately RMB116.6 million. As of December 31, 2016, the transfer was completed.

The Board of the Company has considered and approved the public tender in relation to the transfer of 17% equity interest in Yangjiang Nuclear on September 25, 2016 and the tender was obtained by CLP Nuclear Power (Yangjiang) Limited with the transfer price of RMB5 billion. The Board of the Company has considered and approved the agreement in relation to the share transfer of 17% equity interest in Yangjiang Nuclear with CLP Nuclear Power (Yangjiang) Limited on November 30, 2016. The agreement shall take effect on the satisfaction of the key conditions below: (i) relevant approvals from regulatory authorities have been obtained; (ii) approvals from certain lenders of Yangjiang Nuclear have been obtained; and (iii) approvals from all shareholders of Yangjiang Nuclear have been obtained. As of December 31, 2016, the equity transfer agreement has not taken effect and the transfer of equity interest has not been completed.

Assets and Investment

USE OF PROCEEDS

The Company issued 10,148,750,000 H shares by way of global offering in December 2014 with net proceeds of RMB21,603.5 million (in equivalent) from the offering after deducting various issuance costs. As of December 31, 2016, the Company had used RMB20,061.2 million of the net proceeds for the purposes as set out in the Prospectus of the Company dated November 27, 2014, representing 92.9% of the net proceeds from the offering.

Item	Movements RMB'000
Net proceeds from the Listing	21,603,535
Less: Proceeds used	20,061,176
Among which: Acquisition of 60% of the equity interests in Taishan Investment and 12.5% of the equity interests in Taishan Nuclear	9,700,196
Capital expenditure for nuclear power stations under construction	8,714,300
Research and development activities	316,680
Replenishment of working capital	1,330,000
Proceeds unused as at December 31, 2016	1,542,359

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

CONTINGENCIES

EXTERNAL GUARANTEES

In 2016, the Group had not provided any external guarantee.

PLEDGE OF ASSETS

As of December 31, 2016, the Group's assets (mainly property, plant and equipment) of RMB23,175.4 million in carrying value were pledged to banks and related parties to secure loans for the Group. As of December 31, 2015, the carrying value of the Group's assets pledged to banks and related parties was RMB23,261.4 million.

As of December 31, 2016 and 2015, the electricity tariff collection rights of Ling'ao Nuclear, Lingdong Nuclear, Yangjiang Nuclear, Taishan Nuclear and Fangchenggang Nuclear were pledged to secure the banking facilities, loans from banks and related parties.

As of December 31, 2016, the Group's interest in Hongyanhe Nuclear was pledged to secure banking facilities of Hongyanhe Nuclear.

LEGAL PROCEEDINGS

For the year ended December 31, 2016, neither was there significant litigation, nor was the Group aware of any pending or threatened litigation against the Group which had or could have a material and adverse effect on the financial conditions or operations of the Group.

INVESTMENT DIRECTION

Based on the strategies and business development needs of the Company, the Company will finance the construction of nuclear power stations under construction according to investment schedules, continue to fund the technology improvement in nuclear power stations in operation, make continuous investment in the research, development and innovation of technologies, and fund the acquisitions of contingent assets in 2017. In addition, the Company will also carry out relevant investment activities at appropriate time by exercising its rights to acquire retained businesses as set out in the non-competition deed entered into between the Company and CGNPC, thereby laying a solid foundation for the Company's future development.

Business Performance and Analysis

Industry Overview

On September 3, 2016, the Standing Committee of the National People's Congress of the People's Republic of China (the "**PRC**") approved China's entering into the new agreement on global climate change of "United Nations Framework Convention on Climate Change (Paris Agreement)" (《<聯合國氣候變化框架公約>巴黎協定》, the "**Paris Agreement**"). On November 4, 2016, the Paris Agreement came into effect. The Paris Agreement was the first constantly effective and legally-bindling agreement passed by all parties in history. Entering into the Paris Agreement denotes that China would be bound and guided by this agreement. The new goal of the Paris Agreement is to require corresponding reforms on the domestic climate management policies, technology and market in China to better perform China's self-directed program for contributions and carry out innovative low-carbon development and energy transition. In 2016, important policy planning documents such as the Outline of 13th Five-Year Development Plan for National Economic and Social Development of the PRC (the "**13th Five-Year Plan**") were issued, in which many of the goals in relation to climate management committed by China have been formalized.

To the extent that safety is ensured, major countries using nuclear power and some emerging countries regard nuclear power as their direction for low-carbon energy development. During the 12th Five-Year Period (2010-2015), the domestic low-carbon energy development has obtained certain achievements. The proportion of non-fossil energy consumption increased from 9.4% in 2010 to 12% in 2015. It was clearly stated in the 13th Five-Year Plan that the proportion of non-fossil energy consumption in China will reach 15% by 2020. Meanwhile, in respect of the domestic nuclear power development, a clear goal was also stated in the 13th Five-Year Plan. By 2020, the installed nuclear power capacity will reach 58GW and the installed nuclear power capacity under construction will exceed 30GW.

As stated in the 13th Five-Year Plan of Energy Development issued in 2016, the proportion of non-fossil installed capacity shall increase from 35% in 2015 to 39% in 2020. In respect of the nuclear power development, it is proposed in the 13th Five-Year Plan to promote safe and effective nuclear power development, plan the nuclear power development in advance and moderately enhance the project size. In recent years, the nuclear power projects in China have been put into operation on a large scale, which leads to a rapid growth of nuclear power installed capacity. The installed capacity of the nuclear power generating units in commercial operation in China was 33.64GW in 2016, accounting for a higher proportion of the total installed capacity in China than that of 2015. However, the proportion of nuclear power in the overall domestic energy structure remains relatively low. There is still much room for achieving the national nuclear development goal.

During the 13th Five-Year Period, as the economic development enters the period of new normal, the growth in demand for the electricity has slowed down and the supply of electricity in China was on ease in general. In 2016, the national electricity consumption recorded a year-on-year increase of 5.0%, representing an increase of 4 percentage points as compared with last year. Meanwhile, the total installed capacity in China recorded a year-on-year increase of 8.2%, higher than the increase in the national electricity consumption. During the year, the national electricity demand and supply imbalances intensified with excessive power surplus in most regions. The overall utilization efficiency of electricity system declined. The annual average utilization hours of nuclear power equipment dropped by 361 hours as compared with that of 2015. Due to the low proportion of nuclear power in the energy structure, and leveraging on the national policy on preferential protection to clean energy, the utilization rates of nuclear power still maintained a relatively high level when compared with other energy sources.

	Ratio of installed capacity by type of energy (%)		Ratio of generation capacity by type of energy (%)		Average utilization hours (hours)	
	2016	2015	**2016**	2015	**2016**	2015
Nuclear power	**2.0**	1.7	**3.5**	3.0	**7,042**	7,403
Thermal power	**63.6**	65.7	**72.2**	73.1	**4,165**	4,364
Hydropower	**20**	21.2	**19.4**	19.9	**3,621**	3,590
Wind power	**9.1**	8.6	**3.9**	3.3	**1,742**	1,724

Note: Data from 2016-2017 National Supply and Demand of Electricity Analysis and Forecast Report of China Electricity Council and 2016 Power Industry Overview of the National Bureau of Statistics

In 2016, the pace of national power system reform accelerated. Two national electricity trading centers and 31 provincial electricity trading centers have been set up and most of the electricity trading centers have organized marketized electricity trading with certain size. Except for Guangdong Province, our other nuclear power bases have properly participated in electricity market trading in their corresponding provinces. We expect that the share in marketized electricity trading in each province in 2017 will further increase with trading mechanisms being improved.

Business Performance and Analysis

As of the end of 2016, we managed 19 nuclear power generating units in operation and 9 nuclear power units under construction. During the year, we had 5 new nuclear power generating units which commenced commercial operation, namely Yangjiang Unit 3, Fangchenggang Unit 1, Hongyanhe Unit 4, Ningde Unit 4 and Fangchenggang Unit 2 and 1 new nuclear power generating unit commenced construction, namely Fangchenggang Unit 4 with construction commenced on December 23, 2016.

As of December 31, 2016, the number and capacity of nuclear power generating units in operation and nuclear power generating units under construction are as follows:

		As at December 31, 2016	As at December 31, 2015	Growth rate
Nuclear power generating units in operation	Number	19	14	35.7%
	Capacity	20,384 MW	14,918 MW	36.6%
Nuclear power generating units under construction	Number	9	10	-10.0%
	Capacity	11,356 MW	12,290 MW	-7.6%

We will introduce and analyse the Company's business performance in 2016 in respect of safety management, generating units in operation, generating units under construction and sales of electricity.

1. Safety Management

Nuclear safety is the life line of nuclear power companies. We always adhere to the principles of "Nuclear Safety is Paramount" and "Safety First". These principles apply to various stages of design, construction, operation and decommissioning of the nuclear power stations.

Based on our experience in nuclear power operation over the years, we have established a mature safety management system. We have set up the Nuclear Safety Committee of the Board, the Nuclear Safety Committee of the Company and other organizations to discuss and make decisions in relation to the Company's important nuclear safety issues. In 2016, the Company's safety management system operated smoothly and the safety management level of the Company increased.

1.1 Emphasizing the building of nuclear safety culture

In recent years, the business size of the Company is growing rapidly and one of the most important core missions of the Company is to strengthen and enhance safe production level. In our opinion, the management must take the lead so as to form a safety culture within the Company. On April 26, 2016, the Company organized forums and activities with the topic of "solidifying and strengthening the foundation and making safety a habit". During the forums, responsible persons of various departments of the Company and responsible persons of subsidiaries and associates of the Group focused on "how to carry out safety management on each level" and conducted comprehensive discussions to identify the problems and deficiencies in respect of safety within their corresponding scopes of responsibilities with openness and transparency. They are committed to adhering to the five principles (namely "Nuclear Safety is Paramount", "Safety First, Quality Foremost, Pursuit of Excellence", "Doing Things Right in One Go", "Compliance with Procedures, Honesty and Transparency, Continuous Improvement" and "Serving as a Role Model, Take the Lead and Being People-based") to jointly promote the continuous enhancement of the Company's safety management level.

Apart from the safety commitment by the Company's management, we also hope that such a commitment can be implemented at the working level. In 2016, the Company launched the "On-site Management" activities, requiring the management of each level to go into the site of working level to stay close with front-line staff and timely identify and solve the management problems at the working level so as to enhance work efficiency and promote the Company's safety management level. Meanwhile, all staff participate in our nuclear safety culture precautionary education carried out routinely every year, highlighting the significance of safety culture with the Group's real cases, seeking to enhance safety awareness among the staff.

Since the construction of Daya Bay Nuclear Power Station thirty years ago, the Company has strictly adhered to the principle of "Compliance with Procedures" up till now. We believe that to enhance safety management of nuclear power stations, apart from enhancing safety awareness among staff, the most important thing is the strict compliance with working procedures by all the staff. In 2016, we launched specific activities of "Compliance with Procedures and Objection to Violations" with the theme of "Complying with Procedures for the Safety". Through the launching of the activities, managers and staff at all levels seriously reflected on and analyzed their own work to deepen the understanding of compliance with procedures which effectively corrects irregularity such as acting by experience and habitual non-compliance, restrains intentional breach or intentional non-compliance, prevents material safety issues such as important equipment damage and facilities shutdown, thereby creating the atmosphere of "cannot and being afraid to" and finally "being unwilling" not to comply with the procedures.

Business Performance and Analysis

The Company's Chairman conducts on-site inspections

1.2 Enhancing Internal and External Supervision

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

In 2016, to strengthen nuclear safety supervision, we adopted the strategy of synchronizing the work of nuclear safety supervising officers and operation personnel at each nuclear power station to ensure the presence of 24-hour nuclear safety supervision and conduct real time monitoring of nuclear safety status of generating units, thereby further ensuring the safety operation of generating units.

Apart from internal supervision, we also receive independent supervision performed by the National Nuclear Safety Administration ("**NNSA**") and other authorities. In 2016, we received an aggregate of 22 regular safety inspections from NNSA and all of which received good assessment results. Details of the major inspection are as follows:

Base or Nuclear Power Station	Major inspection item	Total number of inspections
Daya Bay Base (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station)	The control point nuclear safety inspection before criticality after the outage for generating units	4
Yangjiang Nuclear Power Station	The control point inspection for nuclear safety before the cold functional test for the main system of Yangjiang Unit 4, the control point nuclear safety inspection before criticality after the first refuelling outage of Yangjiang Unit 2, the control point nuclear safety inspection before criticality after the outage of Yangjiang Unit 1 and control point inspection of the dome lifting of Yangjiang Unit 6, etc.	7
Taishan Nuclear Power Station	—	0
Fangchenggang Nuclear Power Station	The nuclear safety integrated inspection before the first loading of Fangchenggang Unit 2, the nuclear safety inspection before resumption of civil construction of nuclear islands for Fangchenggang Units 3 and 4, etc.	4
Ningde Nuclear Power Station	The control point inspection for nuclear safety before the first criticality and the criticality control point inspection after outage of Ningde Unit 4, etc.	4
Hongyanhe Nuclear Power Station	The control point inspection for nuclear safety before the first criticality, the emergency inspection for nuclear incidents and the supervision and evaluation of 2016 on-site integrated drills for Hongyanhe Unit 4, etc.	3

In 2016, apart from the routine inspection by NNSA, we also received nuclear safety inspection by external regulatory organizations such as NNSA and the Nuclear and Radiation Safety Supervision Stations from time to time and all of which received good ratings. In 2016, we were recognised as a Model Company during the Safe Production Month by the State Council's Safe Production Committee.

Moreover, we regularly receive and invite international peers to conduct safety assessments on our nuclear power stations.

Business Performance and Analysis

According to the improvement action plan stipulated by World Association of Nuclear Operators ("**WANO**") after the Fukushima nuclear accident, WANO will conduct a Corporate Peer Review ("**CPR**") over all Category-1 member companies all over the world before January 2018. Upon receipt of our invitation, WANO conducted CPR on us from June 13, 2016 to June 23, 2016. The review team conducted reviews in accordance with the latest standard issued by WANO in March 2013, based on 87 specifications in 7 areas. In the course of the review, we actively collaborated with the experts in a transparent, open-minded and humble manner during the process, and the review was completed smoothly. The review team has given high recognition to the organization of the review activities and acknowledged the systems of nuclear emergency management and production management meetings across the Company. The review team considers these two activities as the strength of the Company which would be promoted to other nuclear power operators. The review team also identified five areas for improvement to the Company. In respect of the deficiencies in nuclear safety management and supervision identified during the evaluation, the Company has thoroughly analysed the fundamental reasons and has formulated improvement action. All of the improvement actions were listed in the daily working plan of each level of the Company.

In 2016, we invited WANO to conduct 6 CPRs and follow-up visits to each of our nuclear power stations, mainly involving supervision over operation teams, operators' knowledge and skill (mainly on reactivity control), decision-making and questioning attitude on organization and management, fire load control, combustible storage and management of fire-fighting equipment. Each nuclear power station has formulated improvement plan based on the deficiencies identified and has implemented improvement as planned.

1.3 Establishing a full-cycle feedback system

The feedback system of nuclear power stations is an important component of the management of nuclear power stations, which can effectively prevent the recurrence of the events and promote constant improvement.

To further ensure nuclear safety, we believe that feedback practices shall be implemented during the operation stage of nuclear power stations and during the design, construction and decommissioning phases. In 2016, we actively promoted the establishment of full-cycle feedback system covering the design, construction, operation and decommissioning phases and refined the relevant systems. Meanwhile, we also actively learnt from peer companies' outstanding experience. For instance, we launched the specific feedback practice in relation to HPR1000 under construction in China to ensure that the problems happened to the peer companies would not occur during construction of Fangchenggang Unit 3 and Unit 4 which adopt HPR1000 third generation technology.

If deviations and hazards are identified earlier, they can be handled timely and thereby material nuclear safety events can be prevented. We have established a transparent reporting system. In 2016, we conducted educational and promotional activities and required our staff to follow the Company's internal management system to actively report any deviation during daily operation.

Isolated equipment defects occur in industrial systems, and so do operation incidents in the context of nuclear power stations. The new generating units in operation need certain time to identify the possible deviations and potential problems. The Company makes judgment on operation incidents according to the International Nuclear Events Scale ("**INES**") (《國際核事件分級表》) set by the International Atomic Energy Agency ("**IAEA**"). In respect of operation incidents that occurred, we will immediately analyze, discuss and share the experience among all nuclear power stations in a timely manner. In respect of abnormality happened in the past and deviations identified, the Company would identify in accordance with the principles during the internal supervision and self-inspection activities. In respect of deviations and incidents, we adhere to the principle of "Honesty and Transparency" to report to the national regulatory authority, enhance analysis and reflection on the reasons and conduct feedback practice and safety culture re-education among all the staff of the Group to prevent the re-occurrence of the incidents in other generating units and timely revise and refine our system and procedures.

According to the INES set by IAEA, the nuclear power stations we operated and managed have maintained our all-time good safety record of no nuclear incident at level 2 or above in 2016.

In 2016, the number of operation incidents of our nuclear power generating units in operation is as follows:

Base or Nuclear Power Station	As of December 31, 2016	As of December 31, 2015
Daya Bay Base (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station)	6	1
Yangjiang Nuclear Power Station	7	1
Fangchenggang Nuclear Power Station	3	—
Ningde Nuclear Power Station	17	4
Hongyanhe Nuclear Power Station	5	3

According to the INES of the IAEA, as of December 31, 2016, a total of 38 operation incidents occurred at the 19 nuclear power generating units in operation managed by us, of which 36 incidents were at level 0 and 2 incidents were at level 1.

Note: Nuclear incidents are classified into seven levels in the INES according to their impact on (i) people and the environment, (ii) radiological barriers and control, and (iii) defence-in-depth. Level 1 to Level 3 are referred to as "Incidents," while Level 4 to Level 7 are referred to as "Accidents." Level 0 (below classification levels) nuclear incidents have no safety significance.

Business Performance and Analysis

1.4 Optimising nuclear emergency response system

According to the Company's management strategy, we have established a complete nuclear emergency response and handling system. To ensure effective operation of the system, we conduct training and emergency drills on different scales every year as planned to ensure quick responses to any emergency.

To effectively ensure rapid handling of emergency in nuclear power stations, we believe that we have to consolidate our resources for emergency in each nuclear power base of the Group to achieve emergency support among the bases. In 2016, the Company improved relevant systems and procedures for emergency backup. Meanwhile, combining the status of resources for emergency in each nuclear power base, the Company formulated the resource allocation plan for emergency backup, set up emergency backup team in each nuclear power base. We also tested the operation of emergency backup system through emergency drill which shows that the rapid support can be achieved among the bases through the measures adopted.

On November 22, 2016, the Company conducted "Annual On-site Integrated Emergency Drill for Daya Bay Nuclear Power Base" with Daya Bay Nuclear Power Base. The scenario design of this drill took full account of the response to the combined effects of complex condition and extreme external events on nuclear power generating units. Three scenarios were designed as choices for this drill. Before conducting the drill, one scenario was randomly chosen by NNSA as the actual scenario for the emergency drill. Governmental regulatory authorities such as the National Safety Regulatory Authority, domestic peer nuclear power companies and some foreign safety regulatory authorities from countries such as Korea and Japan observed this drill. It was the first time for NNSA to invite foreign nuclear safety regulatory authorities to observe on-site integrated emergency drills in China. This drill fully tested the preparation and responsiveness to emergency in Daya Bay Nuclear Power Base, achieved the planned goal of the drill and received recognition by external regulatory authorities.

Daya Bay Nuclear Power Base carried out the annual comprehensive emergency drill

2. Nuclear Power Generating Units in Operation

Safe and stable operation of generating units in operation is fundamental to nuclear power companies. In 2016, all nuclear power generating units in operation managed by us maintained safe and stable operation and five new generating units commenced commercial operation, with a total annual on-grid power generation of 115,583.57 GWh, representing a year-on-year increase of 30.83% as compared with that of 2015.

Among which, the total annual on-grid power generation from nuclear power stations operated and managed by our subsidiaries (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station, Lingdong Nuclear Power Station, Yangjiang Nuclear Power Station and Fangchenggang Nuclear Power Station) amounted to 75,556.10 GWh, representing a year-on-year increase of 31.33% as compared with that of 2015. The total annual on-grid power generation from nuclear power stations operated and managed by our joint ventures (Ningde Nuclear Power Station) amounted to 22,336.44 GWh, representing a year-on-year increase of 22.56% as compared with that of 2015. The total annual on-grid power generation from nuclear power stations operated and managed by our associates (Hongyanhe Nuclear Power Station) amounted to 17,691.03 GWh, representing a year-on-year increase of 40.50% as compared with that of 2015.

Name of nuclear power station	On-grid power generation from January to December 2016 (GWh)	On-grid power generation from January to December 2015 (GWh)	Change rate for the same period
From subsidiaries	**75,556.10**	57,529.93	31.33%
Daya Bay Nuclear Power Station	**14,526.04**	14,774.85	-1.68%
Ling'ao Nuclear Power Station	**15,222.19**	14,728.29	3.35%
Lingdong Nuclear Power Station	**15,210.66**	15,875.11	-4.19%
Yangjiang Nuclear Power Station [1]	**21,583.11**	12,151.68	77.61%
Fangchenggang Nuclear Power Station	**9,014.11**	under construction	—
From joint ventures			
Ningde Nuclear Power Station [2]	**22,336.44**	18,225.59	22.56%
From associates			
Hongyanhe Nuclear Power Station [3]	**17,691.03**	12,591.41	40.50%

Notes:

1 On-grid power generation of Yangjiang Nuclear Power Station increased by 77.61% for the same period. Yangjiang Unit 2 and Unit 3 commenced commercial operation on June 5, 2015 and January 1, 2016, respectively. For details of other factors affecting the on-grid power generation, please refer to the analysis in the chapter headed "Operation Performance".

2 On-grid power generation of Ningde Nuclear Power Station increased by 22.56% for the same period. Ningde Unit 3 and Unit 4 commenced commercial operation on June 10, 2015 and July 21, 2016, respectively. For details of other factors affecting the on-grid power generation, please refer to the analysis in the chapter headed "Operation Performance".

3 On-grid power generation of Hongyanhe Nuclear Power Station increased by 40.50% for the same period. Hongyanhe Unit 3 and Hongyanhe Unit 4 commenced commercial operation on August 16, 2015 and June 8, 2016, respectively. For details of other factors affecting the on-grid power generation, please refer to the analysis in the chapter headed "Operation Performance".

Business Performance and Analysis

2.1 Operation Performance

Capacity factor, load factor and utilization hours are the three indicators normally used by us to evaluate the utilization of nuclear power generating units. They are mainly subject to the effects of refuelling outages for the generating units. According to the arrangements of the annual outage plan, there are certain differences between the duration of refuelling outages for different generating units, and refuelling outages may be implemented over to the next year, resulting in small differences between the duration of outages in different years with respect to the same type of refuelling outage for the same type of generating unit. Meanwhile, load factor and usage hours of nuclear power generating units are also under the influence of temporary operation at reduced load or shutdown resulting from the demand and supply conditions of the electricity market.

According to the calculation rules of WANO, generating units with operation for less than one quarter are excluded from the calculation of business indicators. Therefore, Fangchenggang Unit 2 which commenced commercial operation on October 1, 2016 was excluded from the calculation. In 2016, we had 18 nuclear power generating units in operation (excluding Fangchenggang Unit 2), with an average capacity factor of 90.31%, an average load factor of 77.45% and average utilization hours of 6,673 hours, as compared with 88.14%, 79.31% and 7,085 hours of the 14 nuclear power generating units in operation in 2015. The details of the operation performance of generating units we operated and managed in 2016 are as follows:

	Capacity factor (%)		Load factor (%)		utilization hours (hours)	
Nuclear power station	2016	2015	2016	2015	2016	2015
From subsidiaries						
Daya Bay Unit 1[1]	86.58	78.83	87.48	79.65	7,685	6,979
Daya Bay Unit 2[2]	87.42	98.65	88.05	99.30	7,736	8,700
Ling'ao Unit 1[3]	99.81	86.80	99.11	86.37	8,703	7,564
Ling'ao Unit 2[4]	88.65	93.64	83.94	91.01	7,371	7,970
Lingdong Unit 1[5]	91.62	90.10	89.23	88.90	7,831	7,781
Lingdong Unit 2[6]	87.84	90.29	80.72	88.69	7,084	7,762
Yangjiang Unit 1[7]	81.56	79.45	79.16	78.86	6,953	6,908
Yangjiang Unit 2[8]	77.68	99.64	77.29	99.94	6,789	8,755
Yangjiang Unit 3	91.24	under construction	85.11	under construction	7,476	under construction
Fangchenggang Unit 1	99.02	under construction	81.21	under construction	7,133	under construction
Fangchenggang Unit 2[9]	—	under construction	84.13	under construction	7,389	under construction
From joint ventures						
Ningde Unit 1[10]	98.13	87.16	76.44	85.93	6,714	7,527
Ningde Unit 2[11]	86.38	78.95	65.46	73.72	5,750	6,458
Ningde Unit 3[12]	80.08	93.24	68.91	81.67	6,053	7,185
Ningde Unit 4	99.98	under construction	92.47	under construction	8,122	under construction
From associates						
Hongyanhe Unit 1[13]	87.19	87.75	66.36	82.57	5,827	7,233
Hongyanhe Unit 2	87.49	65.53	57.56	39.26	5,056	3,439
Hongyanhe Unit 3	94.90	100.00	59.90	50.31	5,262	4,407
Hongyanhe Unit 4	99.98	under construction	49.02	under construction	1,926	under construction

Notes:

1 Daya Bay Unit 1 completed an outage in 2016 and refuelling outage duration is shorter in 2016 compared with that of 2015.

2 Daya Bay Unit 2 completed an outage in 2016 and did not conduct any outage in 2015.

3 Ling'ao Unit 1 did not conduct any outage in 2016 and completed an outage in 2015.

4 Ling'ao Unit 2 completed an outage in 2016 and refuelling outage duration is longer in 2016 compared with that of 2015.

5 Lingdong Unit 1 completed an outage in 2016 and refuelling outage duration is shorter in 2016 compared with that of 2015.

6 Lingdong Unit 2 completed an outage in 2016 and refuelling outage duration is longer in 2016 compared with that of 2015.

7 Yangjiang Unit 1 completed an outage in 2016 and refuelling outage duration is shorter in 2016 compared with that of 2015.

8 Yangjiang Unit 2 completed the first outage after commencement of operation in 2016 and its duration was longer, being similar to that of a 10-year outage.

9 Fangchenggang Unit 2 commenced its commercial operation on October 1, 2016. According to the requirements for indicators calculation by WANO, since Fangchenggang Unit 2 did not operate for one quarter, it was excluded from the calculation.

10 Ningde Unit 1 did not conduct any outage in 2016 and completed an outage in 2015.

11 Ningde Unit 2 completed an outage in 2016 and refuelling outage duration is shorter in 2016 compared with that of 2015.

12 Ningde Unit 3 completed the first outage after commencement of operation in 2016 and its duration was longer, being similar to that of a 10-year outage.

13 Hongyanhe Unit 1 completed an outage in 2016 and refuelling outage duration is shorter in 2016 compared with that of 2015.

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

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

Business Performance and Analysis

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

In 2016, we successfully conducted 12 refuelling outages and completed 10 refuelling outages during the year including 2 outages for the first time. Other 2 refuelling outages were conducted over to the next year, of which the refuelling outage for Hongyanhe Unit 2 was completed in January 2017.

In 2016, the total aggregate number of calendar days for refuelling outages was 575 days.

Note: In 2015, we carried out a total of 10 refuelling outages for the 14 units in operation managed by us, including 4 10-year outages or first outage, each of which is equivalent to a 10-year outage, and the total number of calendar days for refuelling outages was approximately 480 days.

Outage personnel carried out the refueling work during the unit outage period

We continue to implement benchmarking with international counterparts. According to the rules of calculation by WANO, since Fangchenggang Unit 2 did not meet the time requirement of operation for one quarter, it was excluded from the calculation. When compared with the one-year benchmark value of 12 performance indicators for PWR set by WANO in 2015, among a total of 216 WANO performance indicators of our 18 nuclear power generating units in operation (excluding Fangchenggang Unit 2), 156 indicators (72.2%) achieved the world's top 1/4 level and 138 indicators (63.9%) achieved the world's top 1/10 level.

Note: For the same period in last year, among our 14 nuclear power generating units in operation, 71.4% of the indicators achieved the world's top 1/4 level performance, and 66.1% of the indicators achieved the world's top 1/10 level.

2.2 Environmental Performance

We continued to improve radioactive waste management, optimize emissions discharge process and strictly comply with emission control standards. In 2016, the radioactive waste management of the 19 generating units in operation managed by us has strictly complied with national laws and regulations, and has met the standards of the relevant technical specifications.

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

	Daya Bay Base Area (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station)		Yangjiang Nuclear Power Station		Fangchenggang Nuclear Power Station		Ningde Nuclear Power Station		Hongyanhe Nuclear Power Station	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Discharged liquid radioactive waste (radionuclides other than tritium) as a percentage of the national standards	0.170%	0.21%	0.490%	0.5%	0.090%	—	0.324%	0.24%	0.227%	0.47%
Discharged gas radioactive waste (inert gases) as a percentage of the national standards	0.142%	0.133%	0.350%	0.18%	0.260%	—	0.578%	0.15%	0.176%	0.144%
Solid radioactive waste (m^3)	180.4	317.6	21.2	24.4	12.9	—	183.6	149.6	114.4	183.1
Results of environmental monitoring	Normal	Normal	Normal	Normal	Normal	—	Normal	Normal	Normal	Normal

Note: The main reason for changes in the data: the refuelling outage plan is different for every unit, maintenance projects are different, Yangjiang Unit 3, Fangchenggang Unit 1, Hongyanhe Unit 4, Ningde Unit 4 and Fangchenggang Unit 2 were put into commercial operation in 2016.

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

Nuclear power is a clean energy source that contributes to energy saving and emissions reduction to the society. Our annual on-grid nuclear power generation in effect represented a reduction of approximately 37.00 million tons of standard coal consumption, approximately 90.00 million tons of CO_2 emissions, approximately 0.88 million tons of SO_2 emissions and approximately 0.57 million tons of NO_x emissions, with an equivalent effect of planting a forest of 0.25 million hectares.

Business Performance and Analysis

3. Nuclear Power Generating Units under Construction

The quality of nuclear power stations under construction is important for the safe and efficient operations of nuclear power stations after commencement of operation. We meticulously organize project construction in strict compliance with the requirements of relevant laws and regulations. For all the major construction milestones being required to pass the inspection of NNSA, we would enter into the next phase of work only after passing the inspection of NNSA which confirmed our full compliance with the requirements.

As of December 31, 2016, among 9 nuclear power generating units we construct, 2 were in the commissioning phase, 3 were in the equipment installation phase and 4 were in the civil construction phase.

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

Nuclear Power Generating Units	Civil Construction Phase[1]	Equipment Installation Phase[2]	Commissioning Phase[3]	Grid Connection Phase[4]	Expected Date of Commencement of Operation
From subsidiaries					
Yangjiang Unit 4 [5]			√		Second half of 2017
Yangjiang Unit 5		√			Second half of 2018
Yangjiang Unit 6		√			Second half of 2019
Taishan Unit 1			√		Second half of 2017
Taishan Unit 2		√			First half of 2018
Fangchenggang Unit 3	√				2022
Fangchenggang Unit 4	√				2022
From associates					
Hongyanhe Unit 5	√				Second half of 2020
Hongyanhe Unit 6	√				2021

Notes:

1 "Civil construction" refers to activities within the construction phase, particularly the construction of various buildings and structures in accordance with the applicable blueprints.

2 "Equipment installation" refers to the entire process of placing and installing equipment in right positions and equipment integration during the construction phase.

3 "Commissioning" refers to the process of operating the installed systems and equipment and confirming whether their performance fulfils the requirements of their design and the applicable standards. During this phase, the NNSA will issue an Approval for First Fuel Loading in Nuclear Power Plant (《核電廠首次裝料批准》) which allows the first fuel loading in a nuclear power generating unit for carrying out commissioning and trial runs of nuclear reactors.

4 "Grid connection" refers to the connection of a power generating unit's electricity transmission circuit to the electricity grid, and indicates that the power generating unit has the ability to transmit electricity from its internal systems.

5 Yanjiang Unit 4 connected to the grid for the first time on January 8, 2017 and fulfilled the commercial operation conditions on March 15, 2017.

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

Since there is no nuclear power generating unit with adoption of EPR technology that has commenced commercial operation in the world, we do not have sufficient external experience and feedback for reference. During the construction of Taishan Nuclear Project, Taishan Nuclear has to conduct more testing and verification on the design and equipment, requiring relatively longer construction time. In 2016, we thoroughly analysed every segment of the follow-up construction of Taishan Nuclear Project and continuously optimized the construction activity. After considering the actual progress, we decided to conduct appropriate adjustment to the Taishan Project construction plan. The time for commencements of commercial operation of Taishan Unit 1 and Unit 2 was adjusted from the first half year and the second half year of 2017 to the second half year of 2017 and the first half of 2018, respectively.

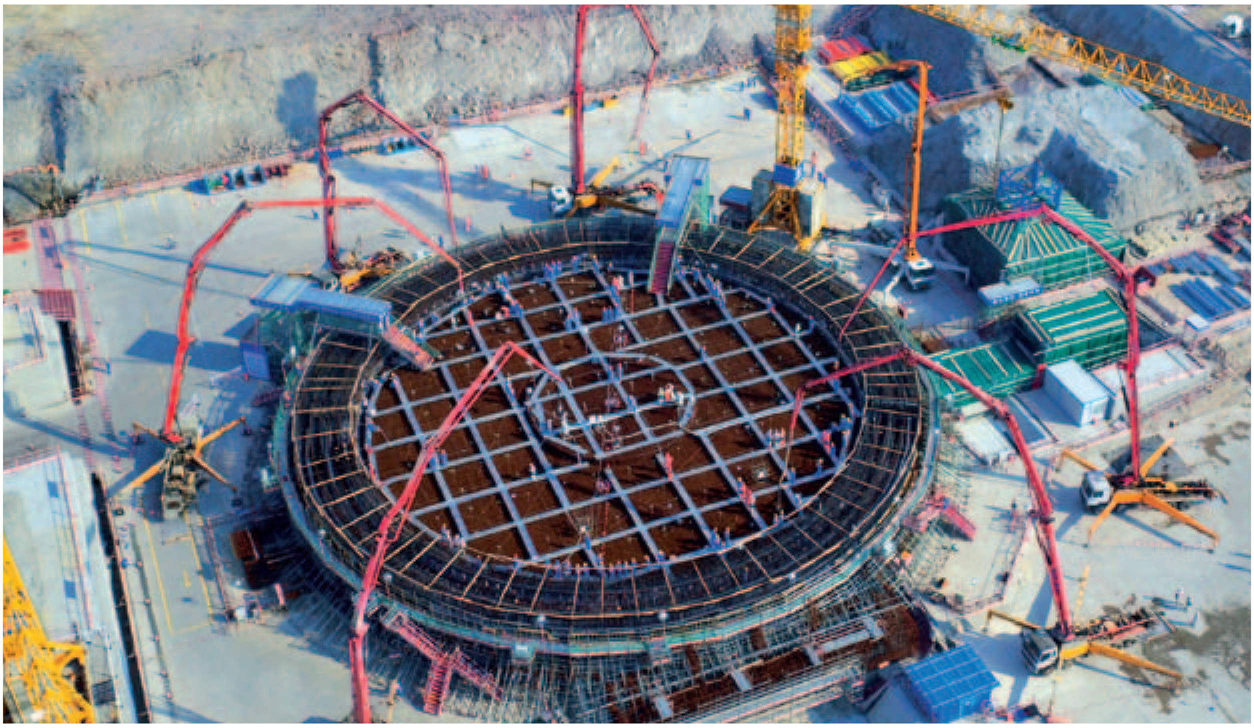
Currently, Taishan Unit 1 is in the commissioning phase, and Unit 2 is in the equipment installation phase. Taishan Unit 1 completed the cold functional test with a satisfactory result on January 27, 2016. On June 24, 2016, Taishan Unit 1 completed the containment pressure test and the results complied with the design criteria. The containment is the third barrier for the reactors. The containment pressure test is to test the sealing capability and structural intensity of the containment. The containment pressure test is one of the preconditions for fuel loading. On November 5, 2016, Unit 1 entered the initial stage of the hot functional test ("**hot test**"), which was a breakthrough after the cold test.

Taishan Unit 2 is in the peak phase of equipment installation. The system handover and commissioning are being carried out in an orderly manner.

Note: Hot test is the last overall performance testing before the first loading of nuclear fuel. The test covers the whole pressure and temperature range for reactors from halt to normal operation. Testing on every actual condition is carried out to test the functioning and responsiveness of the main system and equipment with regular testing and operation procedures.

Business Performance and Analysis

Fangchenggang Unit 3 and Unit 4 adopted the HPR1000 third generation technology that we owned intellectual property rights and became the reference power stations for Bradwell B Project in the UK. Fangchenggang Unit 3 and Unit 4 commenced construction on December 24, 2015 and December 23, 2016 respectively. Fangchenggang Unit 4 was the first nuclear power generating unit commenced construction during the 13th Five-Year Period. Currently, the two generating units were under construction and were progressing smoothly.



Fangchenggang Unit 4 commenced construction on December 23 2016

4. Sales of Electricity

Over 80% of the Group's revenue came from sales of electricity by our subsidiaries. We sell the electricity generated by our nuclear power stations based on electricity sales contracts. In 2016, the on-grid power generation of our subsidiaries was 75,556.10 GWh and the sales revenue of electricity was RMB28,114.6 million, representing 85.5% of our total revenue for the year.

In 2016, the supply and demand of electricity in China was on ease in general while the implementation process of the power system reform accelerated. The demand for electricity consumption of our nuclear power generating units in some of the provinces grew slowly. In response to the demand from the power grid, some of the generating units commenced temporary load reduction or temporary shutdown. The Company's electricity sales condition was more severe than in the previous years. Through research and analysis, we set the Company's strategy for sales of electricity as "striving for more shares of planned on-grid power generation and striving for better market power generation and tariff". The Company actively communicated with the relevant state departments, local government and power grid to keep track on relevant formulation of policies in relation to nuclear power consumption. We also kept track on and participated in the implementation of power reform, conducted research on outward transmission of regional power and participated in the electricity market trading. Meanwhile, we also strengthen the coordination of the Company to optimize the internal authorization mechanism. Various nuclear power bases need to consider the actual situation of power supply and demand in different regions to take appropriate response measures within the scope of authorization. For example, Fangchenggang Nuclear Power Station is located in Guangxi. Guangxi has more hydropower resources and hydropower has seasonal characteristics with wet season and dry season. According to the situation of Guangxi electricity market, Fangchenggang Nuclear Power actively participated in the local electricity market trading to enlarge sales channel. The on-grid power generation sold during the year amounted to 9,014.11GWh, of which 3,041.61GWh were market trading power generation. On the basis of ensuring planned power generation, we would increase on-grid power generation to increase the Company's revenue from sales of electricity. Meanwhile, according to the situation of Fujian electricity market, Ningde Nuclear Power, on the basis of ensuring planned power generation, actively communicated with local government to achieve power generation beyond planning with on-grid power generation sold during the year amounted to 22,336.44GWh, of which 1,002GWh were power generation beyond planning.

Business Performance and Analysis

We always pay particular attention to the on-grid tariffs of the planned electricity sales of power generating units in commercial operation. As of December 31, 2016, the on-grid tariffs (inclusive of value-added tax) of the planned electricity sales of our nuclear power generating units in operation remained unchanged as follows:

Nuclear Power Generating Units	Clients	On-grid Tariffs (inclusive of value-added tax) (RMB/kW)
Daya Bay Unit 1	Guangdong Power Grid Co., Ltd.	0.42
Daya Bay Unit 2	Guangdong Power Grid Co., Ltd.	0.42
Ling'ao Unit 1	Guangdong Power Grid Co., Ltd.	0.429
Ling'ao Unit 2	Guangdong Power Grid Co., Ltd.	0.429
Lingdong Unit 1	Guangdong Power Grid Co., Ltd.	0.43
Lingdong Unit 2	Guangdong Power Grid Co., Ltd.	0.43
Yangjiang Unit 1	Guangdong Power Grid Co., Ltd.	0.43
Yangjiang Unit 2	Guangdong Power Grid Co., Ltd.	0.43
Yangjiang Unit 3	Guangdong Power Grid Co., Ltd.	0.43
Fangchenggang Unit 1	Guangxi Power Grid Co., Ltd.	0.414
Fangchenggang Unit 2	Guangxi Power Grid Co., Ltd.	0.414
Ningde Unit 1	Fujian Power Grid Co., Ltd.	0.43
Ningde Unit 2	Fujian Power Grid Co., Ltd.	0.43
Ningde Unit 3	Fujian Power Grid Co., Ltd.	0.43
Ningde Unit 4	Fujian Power Grid Co., Ltd.	0.43
Hongyanhe Unit 1	Liaoning Power Grid Co., Ltd.	0.4142
Hongyanhe Unit 2	Liaoning Power Grid Co., Ltd.	0.4142
Hongyanhe Unit 3	Liaoning Power Grid Co., Ltd.	0.4142
Hongyanhe Unit 4	Liaoning Power Grid Co., Ltd.	0.4142

The tariff plans of third generation nuclear power are determined by relevant departments of the PRC. As there is no generating unit adopting the third generation technology in China that has commenced commercial operation, the tariffs for the third generation nuclear power has not been determined and we will continue to monitor the tariff formulation process of the third generation nuclear power generating units. The determination of the tariffs for the third generation nuclear power is closely relating to the national nuclear power development in future. We believe that the relevant departments of the PRC will consider factors from all parties to determine a reasonable price level.

Future Outlook

In the new situation of vigorous promotion of the optimization of energy supply structure, adherence to the green low-carbon strategic direction, continuous improvement of the proportion of clean energy consumption in the domestic market, and the new prospect of the steady progress of "One Belt, One Road" energy cooperation and the substantive commencement of the British Hinkley Point C nuclear power project invested by the controlling shareholder in the international market, in respect of long-term development, we believe that the Company is still in the stage with strategic opportunities from the international and domestic development of clean energy development.

China's economic development has entered into a period of new normal. With the intensified implementation of power system reform, the Company's operation is facing a lot of new requirements and new changes. We will adhere to the nuclear safety culture with "Honesty and Transparency" and the basic principle of "Safety First, Quality Foremost, Pursuit of Excellence" as well as the core value of "Doing Things Right in One Go" to actively plan and respond.

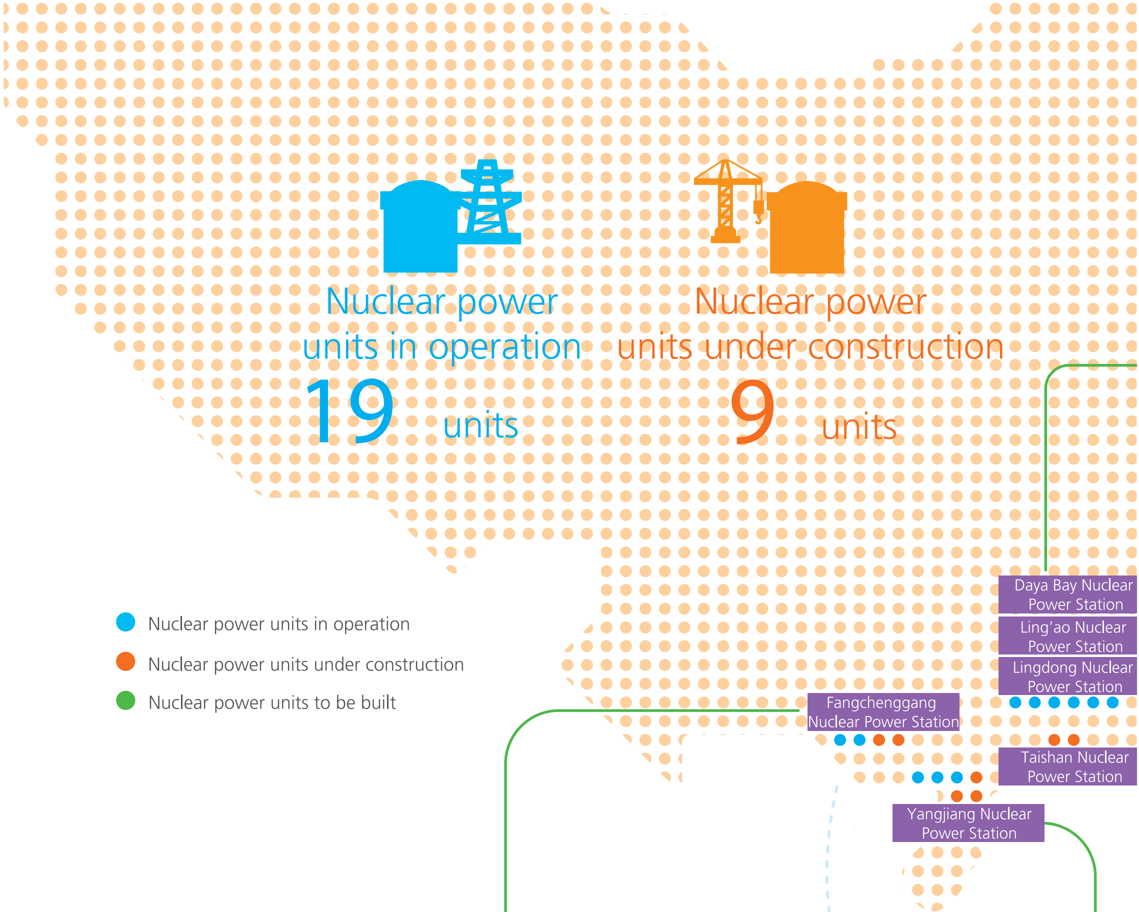
In 2017, we plan to carry out the following initiatives:

- In order to ensure safety and quality, we will push forward construction of generating units as planned. Two generating units under construction (Yangjiang Unit 4 and Taishan Unit 1) are expected to commence commercial operation in 2017;
- We will fully implement nuclear safety management actions and responsibilities to ensure the safe and stable operation of all the generating units in operation. We will conduct 13 refueling outages during the year (including the first outage for Yangjiang Unit 3 at the end of 2016);
- We will adapt to the changes in the electricity market situation, continuously optimize the marketing system and mechanism of electricity market, strengthen the capabilities of the marketing team for sales of electricity to strive for more on-grid generation;
- We will fully push forward streamlined management to effectively control construction cost of units under construction as well as operation and management cost of generating units in operation;
- We will enhance capacity of nuclear power generating units, promote reliability of fuels, improve safety system performance of power generating units through technological and market-oriented measures such as application of technology innovation and technical transformation;
- We will closely follow the change of domestic and international economic and financial environment, adhere to the principle of prudence, identify changes in risks in a timely manner through operation of risk management system and adjust our measures when appropriate to ensure the steady development of the Company.

Capitals

Production Capital

Our production capital is mainly our investments in nuclear power units (including those in operation and under construction), as well as the ongoing optimized management strategies. With these capitals, we continue to provide customers with stable and reliable power.

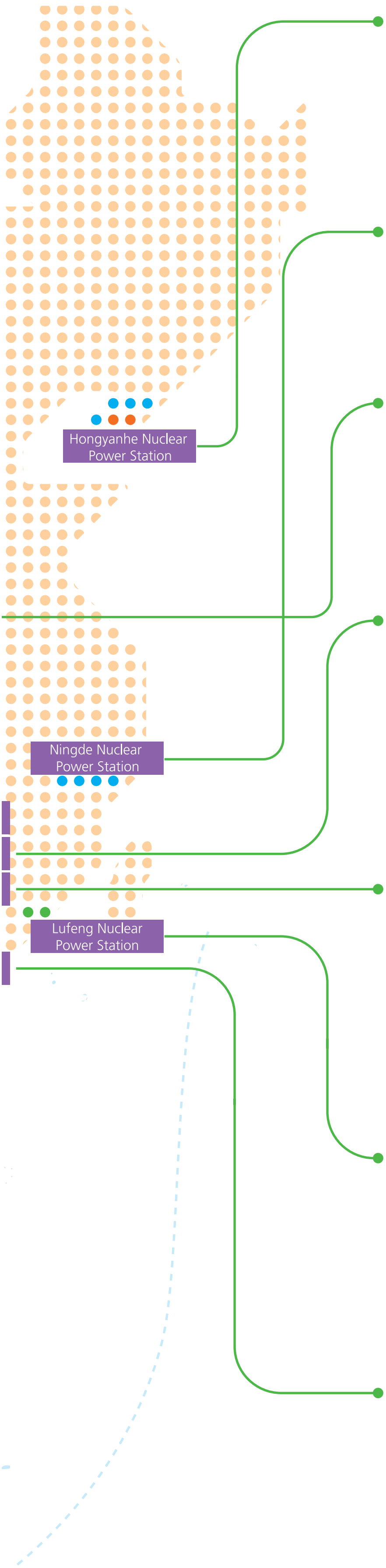


Fangchenggang Nuclear Power Station Units 1-4

Fangchenggang Nuclear Power Station is located in Fangchenggang City in Guangxi Zhuang Autonomous Region. Fangchenggang Nuclear Power Station Phase I includes Units 1 and 2 which are in operation with a single-unit installed capacity of 1,086MW. Units 1 and 2 use CPR1000 series technology. Fangchenggang Nuclear Power Station Phase II includes Units 3 and 4 which are still under construction with a single-unit installed capacity of 1,180 MW. Units 3 and 4 use HPR1000 technology. Fangchenggang Nuclear Power Station Phase II is the first nuclear power station in western China.

Yangjiang Nuclear Power Station Units 1-6

Located in Yangjiang City of Guangdong Province, Yangjiang Nuclear Power Station has six nuclear power generating units. Units 1, 2 and 3 were units in operation with a single-unit installed capacity of 1,086MW, while the rest of the units were still under construction. Units 1 to 4 of Yangjiang Nuclear Power Station use CPR1000 series technology, and Units 5 and 6 use ACPR1000 technology. Yangjiang Nuclear Power Station is a key energy development project under China's Eleventh Five-Year Plan, represents a major milestone in the development of nuclear power in the PRC in scale, series and standardization, and plays an important role in the localization of nuclear power equipment production.



Units 1 to 6 of Hongyanhe Nuclear Power Station

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

Units 1 to 4 of Ningde Nuclear Power Station

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

Units 1 and 2 of Daya Bay Nuclear Power Station

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

Units 1 and 2 of Ling'ao Nuclear Power Station

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

Units 1 and 2 of Lingdong Nuclear Power Station

Located in Shenzhen City of Guangdong Province, Lingdong Nuclear Power Station is adjacent to Daya Bay Nuclear Power Station and Ling'ao Nuclear Power Station. It has two nuclear power generating units, both with a single-unit installed capacity of 1,087MW and use CPR1000 technology. Lingdong Nuclear Power Station is the third large-scale commercial nuclear power station built in the Guangdong Province following Daya Bay Nuclear Power Station and Ling'ao Nuclear Power Station. It is an exemplary 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 Lufeng Nuclear Power Station

Lufeng Nuclear Power Station is located in Lufeng City of Guangdong Province. Lufeng Phase I includes Lufeng Units 1 and 2, and the total installed capacity of 2,500MW. The Lufeng Project obtained the approval letter in relation to the launch of preliminary work of Lufeng Nuclear Power Phase I (《關於同意廣東陸豐核電一期工程開展前期工作的函》) from the National Development and Reform Commission (**the "NDRC"**) on December 27, 2010, and was approved by the NDRC on March 13, 2013 to adopt the third generation nuclear power technology of AP1000.

Units 1 and 2 of Taishan Nuclear Power Station

Located in Taishan City of Guangdong Province, Taishan Nuclear Power Station has two units under construction both with a single-unit installed capacity of 1,750MW and using EPR technology. Taishan Nuclear Power Station was invested and constructed by Sino-french joint venture and use EPR technology, a third generation pressurized water reactor technology.

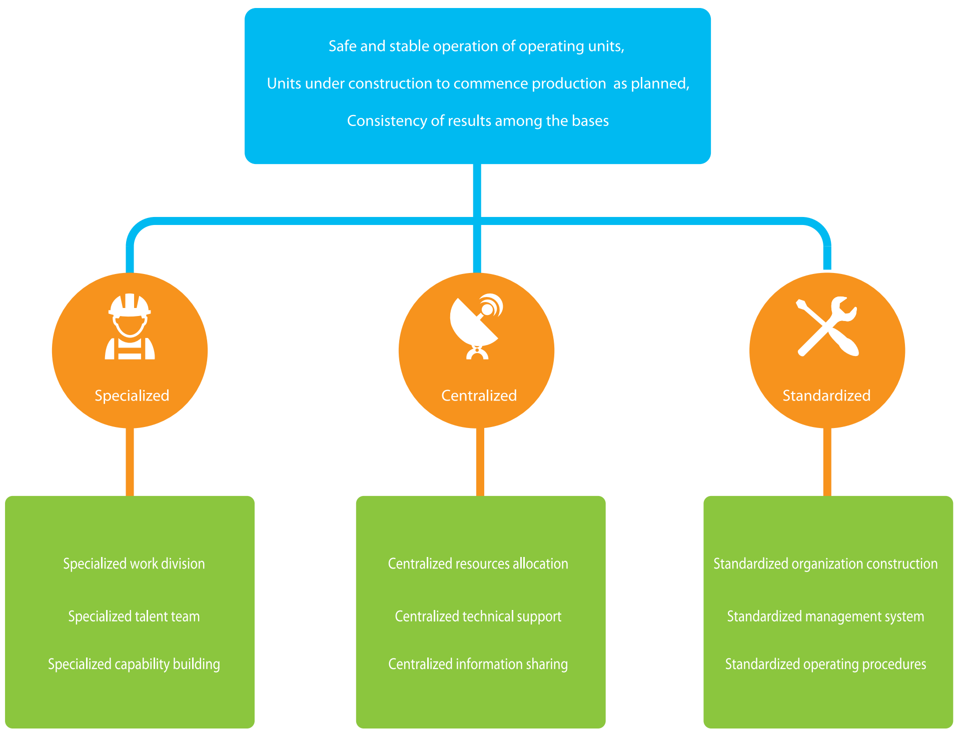
Production Capital

Management Strategy

Since the Daya Bay Nuclear Power Station started operation, the Company has gone through the development stages from power plant to single base stage, and then from single base to multibases stage. Over the years, through implementation of benchmarking, we carried out multi-layered safety supervision and evaluation, promoted "specialization, centralization and standardization" of management, continuously promoted safety management of the Company to enable the Company to continuously adapt to new changes of internal and external situations, thereby promoting our ongoing improvement in production performance. In 2016, in accordance with the 13th Five-Year Plan and based on the Specialized, Centralized and Standardized Management, the Company completed the implementation plan of lean management strategy and will start to promote the implementation in 2017.

Specialized, Centralized and Standardized Management

To maintain the safe and stable operation of operating units, ensure the safe and smooth operation of new units and achieve fast and consistent operation performance of all bases, the Company has implemented "specialized, centralized and standardized" management.



For specialization, the Company established the CGN Operations, CNPRI, Suzhou Nuclear Power Research Institute and other specialized companies to promote refueling outage, engineering modification, equipment management, spare parts management and other specialized services. In 2016, we completed the acquisition of CGN Engineering, which further strengthened the Company's specialized abilities on nuclear power station design, construction and other aspects.

For centralization, we continued to reduce operation cost of the Company through centralized management such as resource allocations. For instance, to ensure a timely replacement and centralized supply of equipment during the daily maintainance and outage of all nuclear power stations when necessary, we actively implemented the centralized procurement of spare parts, hoping to make advantages of centralization and reduce procurement cost for the Company by centralized procurement and bargaining as well as procurement pipeline optimization. Combined with the actual situation of spare parts procurement and utilization of nuclear power stations over the years, we have established a centralized procurement catalog of spare parts containing spare parts of all nuclear power bases and carried out the gradual expansion of spare parts procurement activities in accordance with this catalog. In 2016, the proportion of spare parts centralized procurement amounted to 89.50% (the proportion of centralized procurement was 86% in 2015).

For standardization, we established the OPST (organization, procedures and processes, skills and knowledge and tools of systems) model for key areas so as to realize "Four Unified", i.e. unified organization and management systems, unified skill standards and procedure and process system, unified training systems for qualifications and authorizations, and unified operation management tools.

Taishan Nuclear Power project under construction

Production Capital

Safety Management

Nuclear safety is the lifeline of nuclear power companies. We adhere to the principles of "Nuclear Safety is Paramount" and "Safety First". These principles apply to various stages of design, construction and operation of the nuclear power stations. The overall goal of nuclear safety is: to establish and maintain an effective defense system at nuclear power plants for protecting people, society and the environment from radioactive hazards. In the operations of nuclear power plants, we always put safety first, strictly abide by the national laws, regulations, guidelines and standards, and earnestly fulfill our commitment on safety, out of our conviction that "only a safe nuclear power plant can be economical". The Company is committed to the safety construction with "demonstration by leaders, implementation by backbones, participation by all", and set up a complete safety management system with defense-in-depth management principle, adopt dynamic and transparent experience feedback, carry out wholly independent safety supervision, establish emergency response and disposal mechanism under emergency conditions, so as to guarantee the safe, economic and reliable operation of our power plants and the safety of the society and public.

Defense-in-depth management system of nuclear safety

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.

Top-down nuclear safety culture for all

We deeply held that safety culture needs the participation of all staff, and safety culture development is a systematic work involving all. 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 foremost" 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 (the "**Nuclear Safety Supervision Center**") targeting at multi-site stations, which carries out independent safety supervision and evaluation on the effectiveness of safety management system of the Company and safety management standards 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. In accordance with the regulatory requirement of National Nuclear Safety Administration (hereinafter referred to as the "**NNSA**"), we are also subject to the random and targeted inspection of NNSA on the nuclear power plants we manage. The NNSA also oversees and checks our compliance with nuclear safety regulations.

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 IAEA and the 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 and continuously improve our safety management level.

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 learn from external experience feedbacks through continuous exchanges with peers to facilitate enhancement of our safety management.

Vigilant nuclear emergency response system

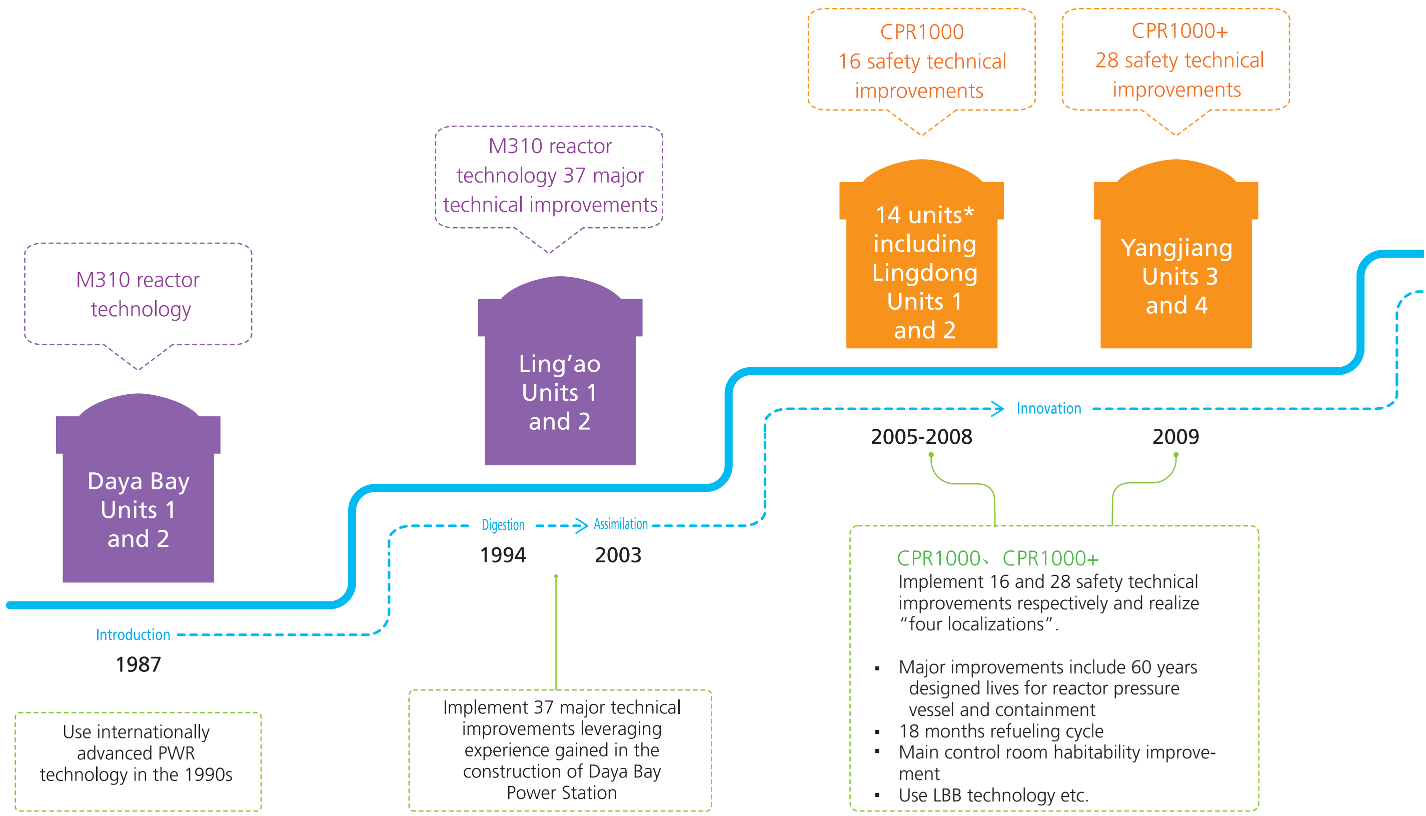
In order to respond quickly and effectively to nuclear emergencies, nuclear power stations must have well-conceived general contingency plans and adequate emergency preparations, and establish vigilant nuclear emergency response system. We have a full-coverage emergency management system focusing on 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 system in all nuclear power stations we manage and organized different scales of emergency exercises in a timely manner to ensure rapid response to any emergencies.

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.

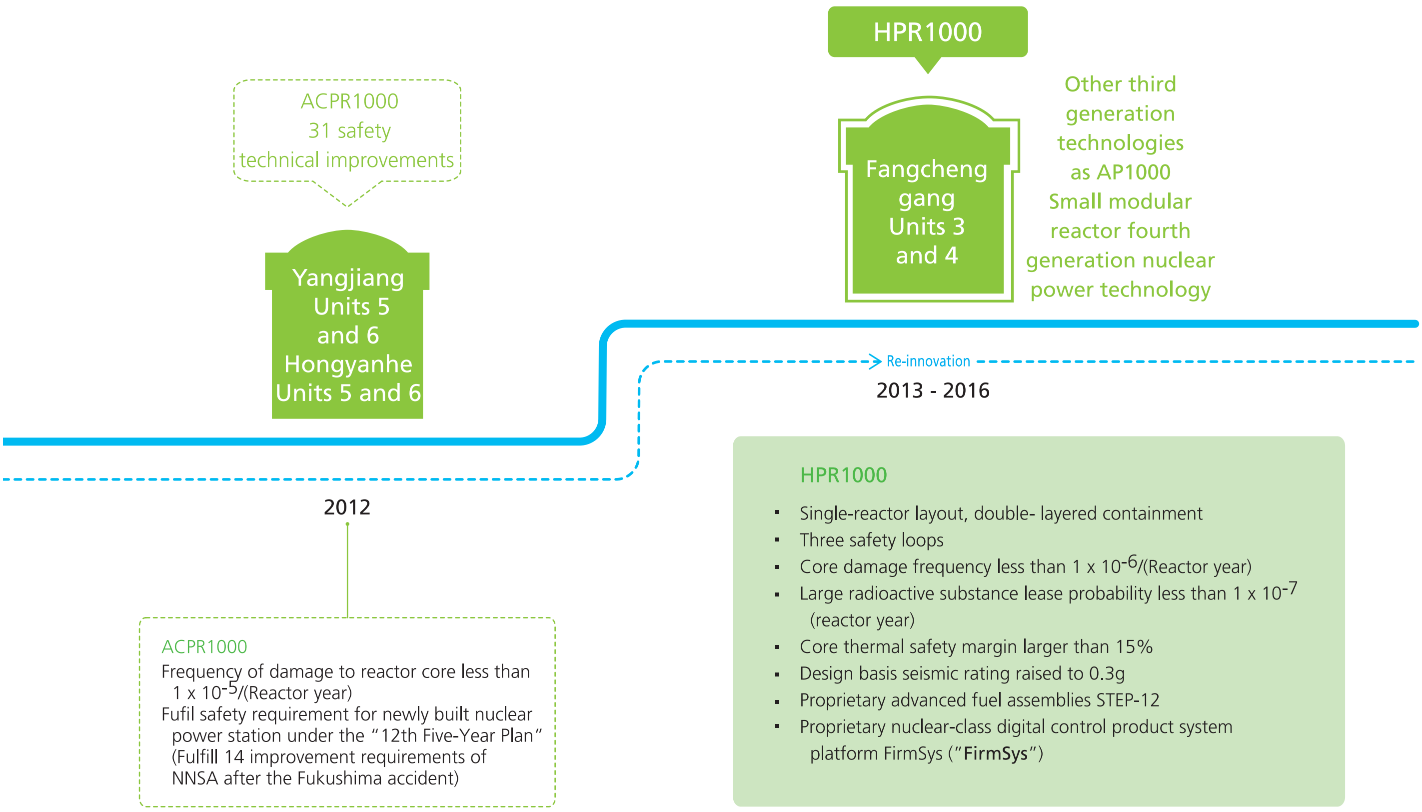
Selection and Development of Nuclear Technologies

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, Yangjiang Units 1 and 2 and Fangchenggang Units 1 and 2

We possessed the proprietary intellectual property rights of the third generation nuclear power technology HPR1000. HPR1000 is a gigawatt-level third-generation nuclear power technology of proprietary intellectual property developed on the basis of experience, technology and talents from China's nuclear power station design, construction, operation and development for the past three decades. HPR1000 adopts the highest international safety standards, which satisfies China's latest nuclear safety regulations. Its safety and economic indicators have all reached the international advanced level. Compared with other third generation nuclear power technologies. HPR1000 enjoys sufficient competitiveness on safety and economy aspects. The independent development of HPR1000 has laid the technical foundation for subsequent nuclear power development of the Company. Fangchenggang Unit 3 and Unit 4 are regarded as the demonstration projects of the technology of HPR1000 and the reference power station of Bradwell B Project in United Kingdom. Fangchenggang Unit 3 and Unit 4 have commenced construction on December 24 2015 and December 23 2016, respectively.



China has made it clear that the third generation nuclear power technology will be the main stream in the future nuclear power projects. Taishan Nuclear Power Station has adopted EPR technology, of which the cold functional test of Unit 1 has successfully completed while the hot functional test preparation is under progress, and the commissioning has been steadily carried forward. We are tracking the application of AP1000 and cultivating relevant capabilities. We are already equipped with the nuclear power station independent commissioning and maintenance capability to adopt with technology of AP1000, and we are cultivating the general contracting capability of the nuclear power station project which adopts the technology of AP1000.

Intellectual Capital

We have also been independently developing offshore small modular reactors ACPR50S for nuclear power plant which feature superior safety, have various modules and multiple functions and are more economically competitive as compared with conventional marine energy sources. Such reactors can be used for the joint supply of thermal, power and freshwater for the development of marine resources, and the energy supply and emergency support for islands and areas along the coast and river, and have become an important choice for distributed marine integrated energy systems. The NDRC has agreed to include the ACPR50S marine nuclear power platform into the "Thirteenth Five-Year Plan" of energy technological innovation. We are driving forward the construction of ACPR50S experimental reactor platform. At the same time, ACPR50S has been included in the list of small modular reactor by IAEA.

We are closely monitoring the latest development of the fourth generation reactor technology at home and abroad, and establishing cooperation with Chinese Academy of Science in respect of promoting R&D of a sophisticated accelerator-driven nuclear system and laying the foundation of commercial application of such technique in the future.

Independent R&D Platform

We have developed R&D platform of our Company. We own six national R&D centers and laboratories, 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, the National NPP Safety and Reliability Engineering Technology R&D Center, State Key Laboratory of Nuclear Safety Monitoring Technology and Equipment 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. As we have acquired the CGN Engineering, the design company under the CGN Engineering becomes our subsidiary. As at the end of 2016, we had more than 4,500 R&D staff.

National Energy NPP Nuclear Classified Equipment R&D Center

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

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

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

National Energy NPP Operation and Life Management R&D Center

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

National NPP Safety and Reliability Engineering Technology R&D Center

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

National Energy Nuclear Power Engineering Construction Technology R & D (Experimental) Center

Approved in 2010 and constructed by CGN Engineering. Considering major technical weakness of the nuclear power construction in China, its core competencies are integrated innovation and project R&D as well as defining R&D of professional areas, which mainly include human error engineering technology, commissioning technology, automatic welding technology, testing and evaluation of metal materials, digital instrumentation and control integrated authentication, digital nuclear power engineering virtual simulation technology platform etc.

State Key Laboratory of Nuclear Safety Monitoring Technology and Equipment

Approved in 2015 and constructed by CGN Engineering. Its core competencies are nuclear power plant safe operation and its evaluation technology, nuclear power safety alert and accident prevention and control technology, human error reliability and man-machine interaction fault-tolerance technology, design of nuclear power meter control system and advanced manufacturing technology.

Intellectual Capital

Research and Development of Key Technologies

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

We have successfully developed an array of technical innovations, and we will select some of important achievements to introduce in annual report. We continue to introduce some of the major technologies recently applied as follows.

Technology/device	Technical description	Benefits
Narrow gap automatic welding technology for main pipes	• The technology replaces traditional manual arc welding technology and enables automatic welding for thick-wall bearing tubes which connect main devices in nuclear island. It allows higher quality of welding for main pipes in nuclear power stations. Its characteristics are high quality, stable performance and high efficiency. • Broke the dominance by foreign brands and reached international advanced level. • Applied in Ningde Nuclear Power Station, Hongyanhe Nuclear Power Station, Yangjiang Nuclear Power Station, Taishan Nuclear Power Station.	Improvement of reliability and economic efficiency
Nuclear safety level digital instrumentation and control system software Verification and Validation (V&V) system	• It is a key technology of Harmony System self-developed by China, mainly performing testing and verification work on the safety level software of nuclear power station to eliminate software defects and improve the safety and reliability of nuclear safety level digital instrumentation and control system. • Broke the dominance by foreign brands and reached international advanced level. • Applied in Yangjiang Nuclear Power Station.	Improvement of economic efficiency and safety
Containment steel liner modularized construction technology for Chinese advanced gigawatt-level nuclear power station	• It adopts modularized construction technology for installation of containment steel liner of nuclear power stations and replaces traditional block installation construction technology. It shortens the construction period and improves quality. • Reached international advanced level. • Applied in Yangjiang Nuclear Power Station.	Improvement of reliability and economic efficiency

In order to break technology dominance, we continue to conduct R&D work in respect of advanced nuclear fuel component with proprietary intellectual property rights and have made significant phased progress: our self-developed and advanced nuclear fuel assemblies (STEP-12) of which we own independent intellectual property rights were granted the permission for loading into the reactor by NNSA in November 2015, and were loaded into the nuclear reactor of Lingdong Unit 1 to undergo irradiation tests for commercial reactors on February 14, 2016 and it is expected to complete three fuel cycle irradiation tests by 2020. In 2016, no abnormality has come to our attention in the online testing and disrepair diagnosis of irradiation tests for commercial reactors. Meanwhile, we have taken the lead to conduct research work on the key technology of accident-tolerance fuel (ATF) which is a national technical project and is in steady progress. ATF will enhance the capability of nuclear power plants to prevent accidents fundamentally to improve the safety and economic benefits of nuclear power.

Intellectual Property Rights

Technical improvements and innovations can enhance the operation and safety standards of nuclear power plants, and at the same time we also pay attention to acquire intellectual property rights accordingly during the course of technology research and development. We believe that acquiring these intellectual property rights will strengthen our competitiveness.

Statistics of our intellectual property rights from 2011 to 2016

	Patent (Item)						Authorship Registration (Item)	
	Patent Application			Patent Licensing				
Year	Invention	Utility Model	Design	Invention	Utility Model	Design	Software	Others
2011	132	86	1	31	81	0	55	23
2012	163	104	1	90	88	1	23	0
2013	235	190	2	62	132	1	49	0
2014	292	198	0	54	249	1	51	4
2015	285	229	0	101	241	0	107	2
2016	458	272	2	239	234	6	128	22
Total	1,565	1,079	6	577	1,025	9	413	51

Note: We completed the Acquisition in 2016. The acquired company was accounted in the data from 2011 to 2016.

In 2016, "a power supply approach of cold functional test of nuclear power plants" of CGN Engineering and "a treatment and device for radioactive wastes" of CNPRI were granted the 18th China Patent Award Excellence Award by the State Intellectual Property Office.

Human Capital

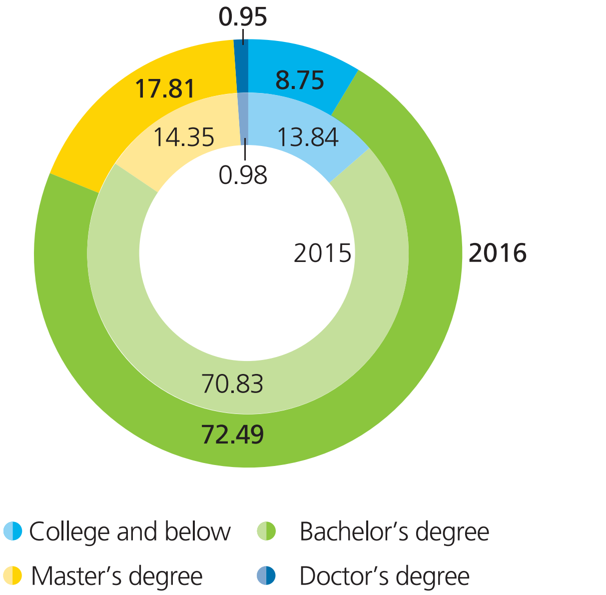
To own a team of sufficiently competent and experienced employee is the most valuable treasure of the Company. We always pay attention to the reasonable use and maintaining of the human resources, and continuously improve development and management system of human resources, as well as cultivate a talent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

Talent Force

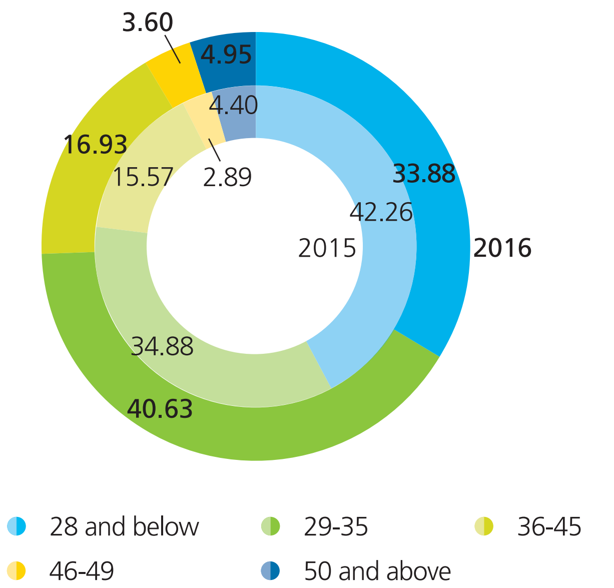
Since the completion of the Acquisition in 2016 and the construction of new nuclear generating units, at the end of 2016, we had 20,327 employees (including our affiliated companies).

Employee structure

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



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



Functions	Number of employees (As of December 31, 2016)	Number of employees (As of December 31, 2015)
Administrative staff	**1,365**	915
Technical staff	**18,962**	10,872
Total	**20,327**	11,787

Recruitment of talents

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

Due to the scarcity of nuclear relevant major, the supply of external talent market is relatively less, considering from the perspectives of the echelon formation and talent cultivation, our recruitment of talents is still focused on on-campus recruitment. In 2016, the Company recruited a total of 1,465 excellent talents, among whom, 1,284 were recruited through on-campus recruitment and 181 through general hiring.

Staff Management

Development paths

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

Internal market

The Company encourages employees to concentrate on their own positions to master professional skills, becoming experienced professionals. Therefore, the Company does not encourage employees to swap their jobs too frequently. However, to realize more reasonably use of internal human resources, we have established an internal talent market to realize optimal allocation of employees and better suit the development wishes of employees through participation in open recruitment or deployment. In 2016, the Company has improved the incentive and disciplinary system of talent exchanges and established employee turnover arbitration system to enable internal talents to contribute to the Company's business development.

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 work plans of employee, and carry out communication, counseling and follow-up during the course of the implementation of the plan to help employee finally achieve the expected performance results hence realize the organization goals. We evaluate employees' actual working results according to performance plan, the evaluation results will be used for consideration of performance bonuses, post adjustment, training and development as well as term assessment.

Personnel Training

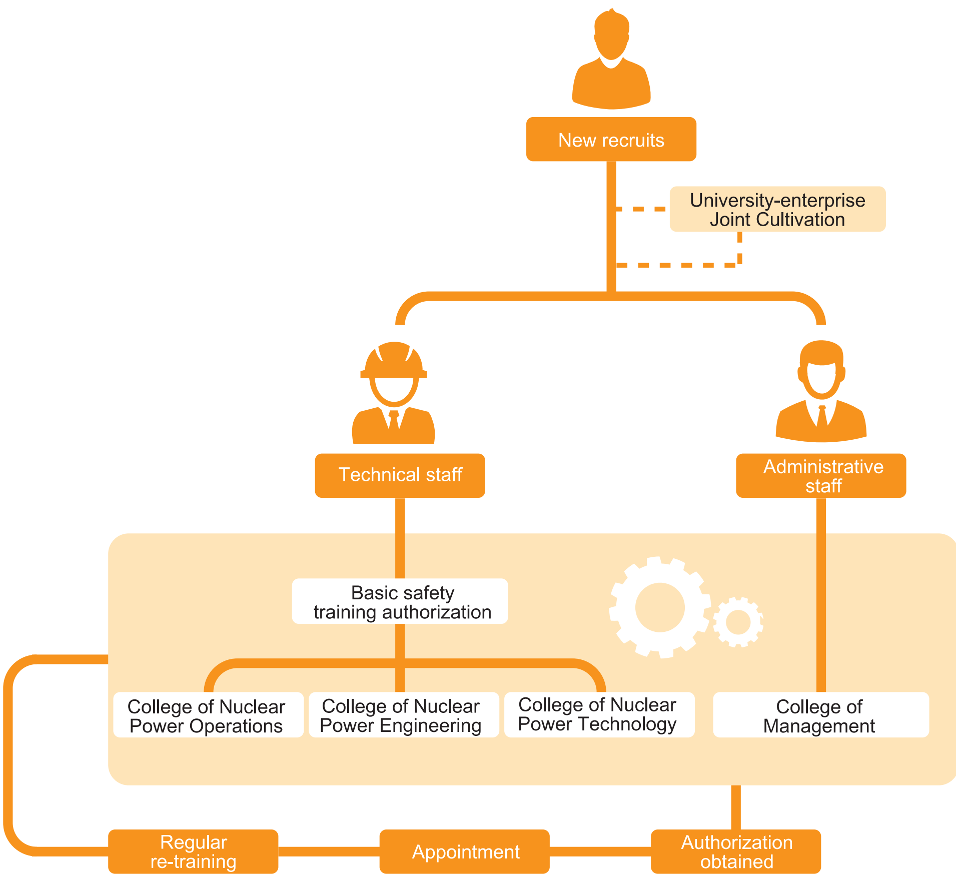
With the rapid development of our businesses, the Company not only guaranteed the stable growth of the number of employees, but also enhanced the working skills of our employees. Adhering to the core concept of "entire staff training, authorized employment and life-long education" and through implementing international advanced experience in personnel training, combined with our development characteristics, we have developed our personnel training system as well as standardized and efficient training management system. We possess a group of experienced and qualified teaching staff, comprehensive curriculum and large-scale training facilities, and actively promote standardized and regulated personnel training for nuclear power operations, which has effectively met the needs of personnel training for the rapid development of the Company, and has equipped the Company with the core competencies of adapting to specialized, scale and market-oriented nuclear personnel training.

To match with the business development of the Company, we regularly renew personnel training scheme. In 2016, according to the mid-long term demand for talents of the Company, we completed the revision of personnel training scheme based on the previous two-year experience and feedback on personnel training. Besides, in order to enable new employees to rapidly improve their abilities and ensure the consolidation and enhancement of the working skills of the Company's existing employees, we organize trainings continuously. In 2016, the average training hours per employee of the Group (including the Acquired Companies) was 207 hours.

Human Capital

Personnel Training System

The Company entered into personnel training cooperation agreements with a number of universities in China, pursuant to which some of the new employees study more than 10 specialization courses on nuclear power during their university education. The Company has College of Nuclear Power Operations, College of Nuclear Power Engineering, College of Nuclear Power Technology and College of Management, with "training, assessment, authorization, appointment" as the basic procedures, which have formed the training system for all employees.

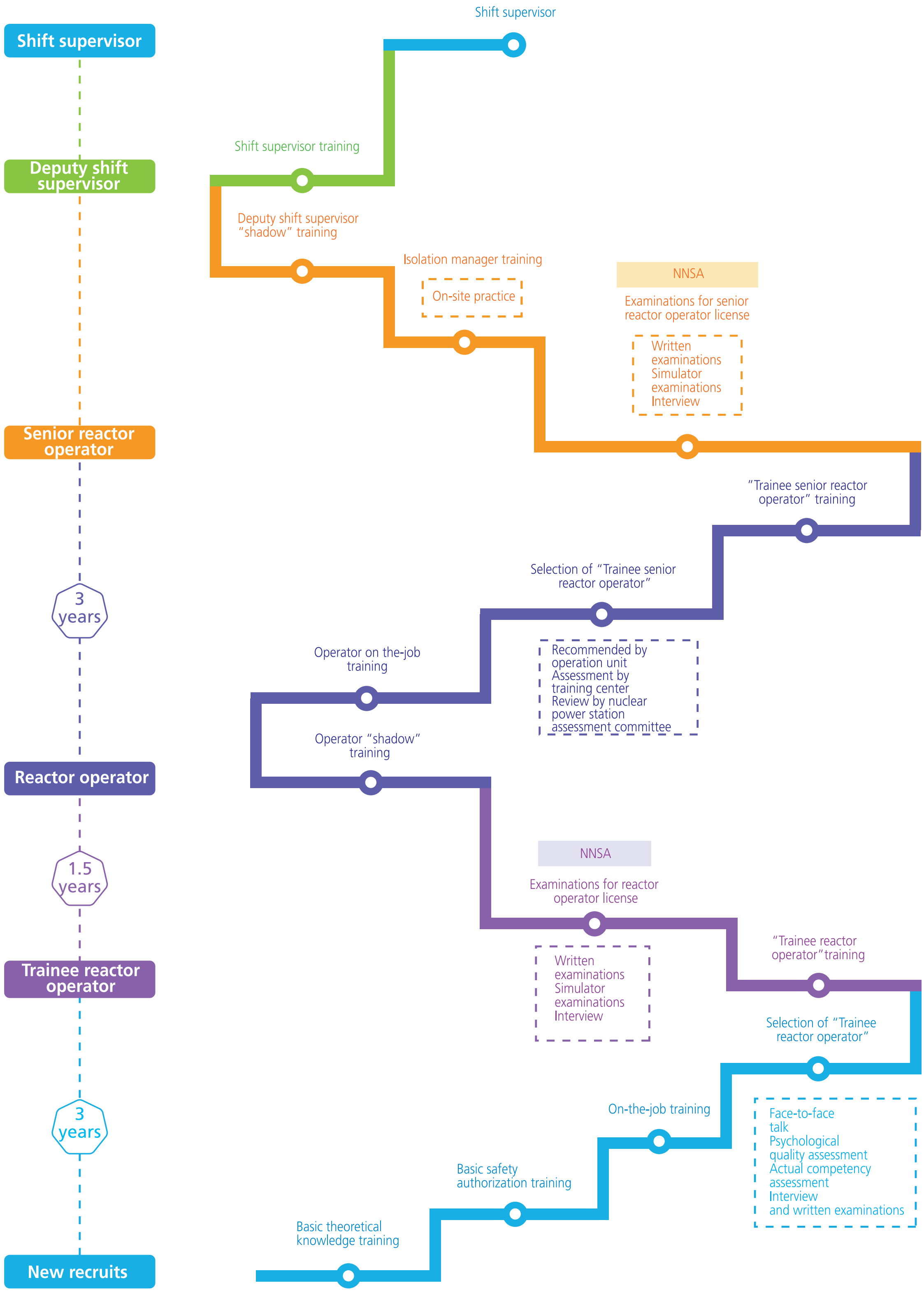


Nuclear power reactor operators are the key technical staff in nuclear power station. According to the relevant requirement of the Regulations of the People's Republic of China on the Safety Supervision and Administration of Civil Nuclear Facilities (《中華人民共和國民用核設施安全監督管理條例》), operators should hold "Reactor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

We set a position of safety technical advisor (STA) in our nuclear power stations. They are responsible for safety supervision of power plants and conduct independent assessment and supervision on nuclear safety of daily operation of power units. STA is the same as the shift supervisors, and both require "Senior Reactor Operator License". In addition, STA shall have intensive understanding of the regulation on nuclear safety, standards of designing nuclear power stations, analysis approach of nuclear safety and other aspects.

While nurturing the nuclear power reactor operators for the second generation modified CPR1000 nuclear power technologies, we also strengthened the nurturing of reactor operators for the third generation nuclear power technologies such as HPR1000, EPR and AP1000.

The diagram below shows our training process for reactor operators.



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

Human Capital

Training Resources

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

As of the end of 2016, the simulators of all bases are as follows:

	Full-scope simulator (piece)	Simulator for principles (piece)	Simulator for functions (piece)	Simulator for accident analysis (piece)	Simulator for serious accident analysis (piece)
Daya Bay Nuclear Power Base	4	2	2	1	1
Yangjiang Nuclear Power Base	3				
Taishan Nuclear Power Base	1		2	1	
Fangchenggang Nuclear Power Base	1		1		
Ningde Nuclear Power Base	1				
Hongyanhe Nuclear Power Base	2		1		

For maintenance techniques training, we have 52 skills training rooms (including the training facilities for fuel operation) with a total area of about 13,000 square meters, covering all maintenance areas and skills, which can carry out more than 100 training items. The nuclear fuel operation training center is the only training and qualification examination certification center in China for nuclear fuel operators with simulating real situation. In 2016, 55 fuel operators were trained up including 24 fuel operators trained up for external units.

The Company develops and improves corresponding curriculum and learning resources of standard courses, online courses and mobile micro courses based on its training guidelines. As of the end of 2016, we had a total of 15,710 courses, including face-to-face training, online training, mobile-end training and courses in other forms, which satisfy the need of the current stage of the Company's business development. In this regard, we highlight the "HPR1000 1000MW Condensation Reflux Nuclear Power Station System and Operation" course, which draws reference from the system framework of "CPR1000 Nuclear Power Station Construction, Test and Operation" course and borrows the experience of AP1000, EPR and other third generation nuclear power technology related courses. It provides details on key systems and devices of nuclear power project adopting HPR1000 technology. Through such training, students are able to have more comprehensive and professional understanding and lay a more solid foundation for business work such as design, procurement, construction, test and project management.

We value the sharing of our employees' accumulated experience and have established the system of key employees acting as part-time teachers to enrich our training resources. Currently, we have 206 full-time teachers and 1,965 part-time teachers. We also require management cadres to participate in tutoring and to share knowledge and experience. In 2016, the average teaching hours of management cadres was 7 hours.

Forms of Training

We launch various trainings every year, including face-to-face training, internet lecturing and mobile app learning, etc, as well as getting employee skill competition more scientific, standardized and professional by continuously innovating on competition pattern, raising competition level and widening technology communication channels. In 2016, we organized the "2016 Nuclear Power Plants Valves Maintenance Skills Competition of Staff Technique Contest of Guangdong Province". During the year, various companies carried out more than 470 skill competitions at the grass-roots level with a total of 27,000 participations. The extensive skill competitions created a profound learning environment where the employees can "compare with, learn from, catch up with, help and exceed" each other.

Achievement of Talent Cultivation

With reference to our man-power allocation of operators in the nuclear power stations, the number of our operators holding valid licenses can satisfy nearly 40 nuclear power generating units for their operation at the same time. As of December 31, 2016, the Company (including affiliated companies) had 592 reactor operators holding valid licenses and 410 senior reactor operators, of which a total of 83 and 102 licenses for operators and senior operators, respectively, were obtained by employees of the Company (including affiliated companies) in 2016.

Relevant qualification of employees provides firm support and professional assurance on the Company's strategic development and business expansion. As of December 31, 2016, a total of 101 employees obtained or maintained registered qualification in respect of construction projects, including 6 registered First Class Architects; 2 registered Second Class Architects; 4 registered consultant engineers (new energy); 13 registered public facility engineers (heating, ventilation and air conditioning); 12 registered public facility engineers (water supply and drainage); 25 registered public facility engineers (power); 39 registered electrical engineers (power generation and transmission). In addition, 31 employees participated in the training for fuel operators and passed certification examination to obtain the qualification for fuel operators.

Remuneration System

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

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

Human Capital

The Company has established a long-term share appreciation rights scheme to enhance its attractiveness to key talents and create more value for shareholders. According to the H Shares Appreciation Rights ("**Shares Appreciation Rights**") Scheme ("**Scheme**") as approved at the 2014 AGM, as of December 17, 2016, the initial grant of the Share Appreciation Rights is completed. The Company has entered into an agreement for the share appreciation rights scheme with our Directors, senior management and some of the key personnel. The vesting period for the Shares Appreciation Rights Scheme of the initial grant has expired. According to the Scheme, 1/3 of the vested initial grant shares are not exercised as the current share price has not reached the conditions for the exercise. For retired/redesignated Directors and senior management (details of Directors and senior management retired/redesignated in 2016 are set out in "Directors' Report" on page 127 on this Annual Report), the specific arrangements for the exercise are implemented in accordance with the Share Appreciation Rights Agreement. Since the Scheme does not involve the grant of any new share or share option over other new securities to be issued by the Company (or any of its subsidiaries), it does not fall within the ambit of, and is not subject to, the regulations of Chapter 17 of the Listing Rules of the Hong Kong Stock Exchange. Please refer to Note 48 of the consolidated financial statements in the Annual Report for details of the first grant of the Shares Appreciation Rights.

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

No.	Name	Position	Initial grant shares (1,000 shares)
1	Zhang Shanming	Chairman and non-executive Director	960
2	Shi Bing	Non-executive Director	960
3	Gao Ligang	Executive Director and President	960
4	Su Shengbing	Vice President	880
5	Wei Qiyan	Board Secretary	N/A*

*Note: Mr. Wei Qiyan has served as the Company's joint company secretaries and Board secretary since March 16, 2016, so he was not granted the initial share appreciation right.

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

Occupational Health Management

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

Occupational Health Management

IDENTIFICATION AND MANAGEMENT OF OCCUPATIONAL HAZARD FACTORS.

Occupational hazards of nuclear power plants often falls into two types, namely the radioactive occupational hazard and non-radioactive occupational hazard, of which radioactive occupational hazard is the focus of our concerns and management. 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, so as to effectively reduce and manage the occupational safety and health risks.

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. Meanwhile, 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 coveralls and shoes, and regulations over the working-hour limit based on the occupational hazard assessment.

PROFESSIONAL EXAMINATIONS BY EXTERNAL AGENCIES.

The Company entrusts external agencies to conduct annual occupational health examinations on employees on 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 based on the 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 construction and 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 workplaces to carry out the relevant activities.

Human Capital

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	2012	2013	2014	2015	2016*
Daya Bay Nuclear Power Station	8.12	13.35	6.91	7.14	**8.277**
Ling'ao Nuclear Power Station	6.06	13.70	7.73	8.51	**6.071**
Lingdong Nuclear Power Station	6.59	5.66	4.10	5.26	**6.834**
Yangjiang Nuclear Power Station Units 1, 2 and 3	—	—	1.02	6.72	**13.078**
Fangchenggang Nuclear Power Station Units 1 and 2	—	—	—	—	**0.432**
Ningde Nuclear Power Station Units 1, 2, 3 and 4	—	1.27	6.06	12.01	**7.537**
Hongyanhe Nuclear Power Station Units 1, 2, 3 and 4	—	1.11	8.08	5.62	**5.404**

* The annual outage is the key factor affecting the individual radiation exposure of various power stations. As compared with 2015, the outage of Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station, Lingdong Nuclear Power Station and Hongyanhe Nuclear Power Station generally remained unchanged. Therefore, there was little change in the maximum individual exposure compared with that of 2015. The commencement of new units and increased overhaul of Yangjiang Nuclear Power Station resulted in an increase in the maximum individual radiation exposure compared with that of 2015. The overhaul of Ningde Nuclear Power Station remained the same as that of 2015, the maximum individual radiation exposure is lower than that of 2015 by optimizing the management and control of radiation exposure. The annual maximum individual radiation exposure in each nuclear power station is far below the management target as well as the national regulatory limits.

In 2016, the Company maintained good occupational safety and health. In respect of nuclear power operation, we calculate the number of industrial accident per 200,000 man hours and the number of industrial accident of contractors' staff per 200,000 man hours in each nuclear power station respectively. In 2016, there was 1 tripping injury resulting in loss of work hours of an staff at Hongyanhe Nuclear Power Station and the accident rate was 0.07 (number of accidents per 200,000 man hours). In 2016, in Daya Bay Nuclear Power Station, there was 1 fatal incident in which a contractors' staff fell off and the accident rate was 0.06 (number of accidents per 200,000 man hours); in Ling'ao Nuclear Power Station, 1 contractors' staff suffered tipping injury and another 1 contractors' staff got pinched by door and the accident rate was 0.17 (number of accidents per 200,000 man hours); other nuclear power stations are zero. In 2016, there were 2 tumbling injuries of staff in nuclear power construction and the accident rate was 0.006 (number of accidents per 200,000 man hours).

We put emphasis on all the safety accidents in work procedures. While providing proper settlement for relevant staff, we will carry out thorough investigation of all accidents and conduct analysis on the fundamental causes, conduct feedback between our nuclear power stations to raise the safety awareness of staff and contractors, and adopt a series of measures to enhance safety management and avoid reoccurrence of such accidents.

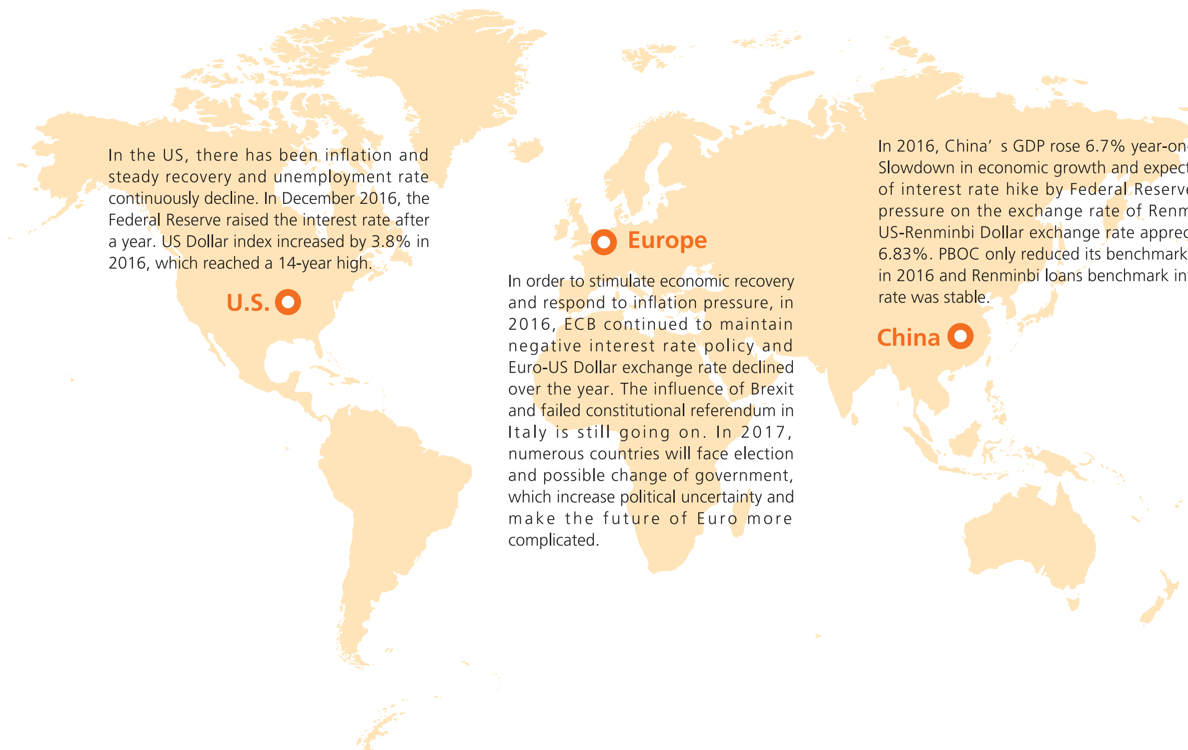
Financial Capital

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

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

External Financing Environment

In 2016, the global economic growth continued to slow down and was recovering in hardship. Monetary policies of the Federal Reserve and major central banks in the world were divisive, intensifying the global capital flows and exchange rate fluctuations. Geopolitical events such as the Brexit, the US election and Italy constitutional referendum had a significant impact on the financial market.



Financial Capital

In 2016, as the domestic currency policy was loosen, the Company's continued to make effort in reducing financing rate and improve its debt structure. Meanwhile, Renminbi depreciation and significant fluctuation in foreign currency rate has brought challenge for the Company's risk management on debts denominated in foreign currencies. Addressing the complicated and changing external financing environment, we adhered to a prudent financing model and rigorous debt risk management principle and adopted effective measures to ensure our capital safety, so as to promote our financial soundness and our core business.

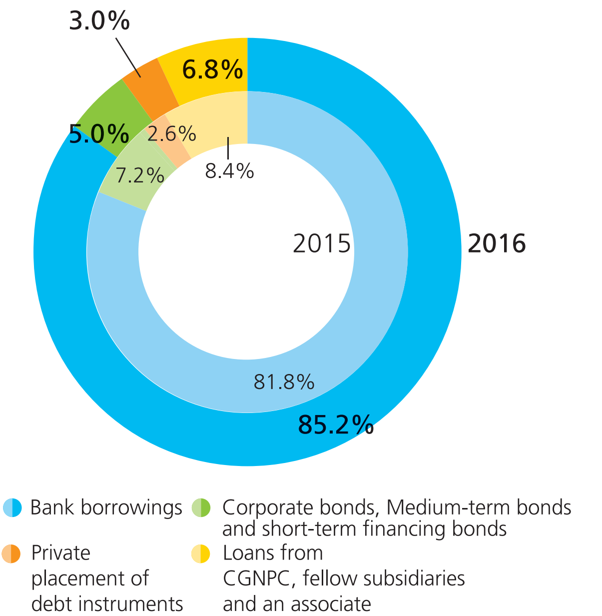
Financing Model

We strive to maintain diversified ways of financing to establish a financing model with a mixture of short, medium and long-term capitals, a combination of direct financing and indirect financing, and the coexistence of various channels to provide the Company with solid, economic capital sources. 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 received service quality.

Diversified Financing Types

Diversified financing types helped us to avoid relying on a single financing channel, and enabled us to have adequate options for different types of capital requirements. In view of our large-scale long-term investments and according to our assetsliability matching principle, our current debt financing instrument is dominated by long-term bank borrowings, as supplemented by short-term bank borrowings and debt financing as well as borrowings from other financial institutions. Since a number of our nuclear power projects are in construction period, our debt financing remained stable. As compared with the end of 2015, the Group's total bank borrowings and other borrowings increased by RMB10,971.7 million at the end of 2016. In 2016, according to the changes in market environment, we reduced financing costs and improved debt structure through restructuring our debt and direct financing instruments. We also actively studied innovative financing products to broaden our financing channels continuously.

Analysis of debt balance - by financing type



Borrowings from Banks and Other Financial Institutions

We meet our capital needs for long-term stable investment in nuclear power projects mainly through longterm bank borrowings. Reasonable loan terms and repayment schedule are defined to match our long-term cash flows, reduce refinancing risk and ensure the safety of our overall debt. From 2014 to 2016, the proportion of the Group's long-term bank borrowings to its total bank borrowings and other borrowings was 71.7%, 74.5% and 73.0% respectively. At the same time, we use short-term bank borrowings to bridge the shortfall of working capital, and meet different capital needs through a combination of insurance debt financing and financing lease.

Domestic Debt Financing

The Company is a legal entity incorporated in the PRC and is qualified for the public issuance of debentures. Our available options in the domestic market mainly include ultra-short-term financing debentures, short-term financing notes, medium-term notes and corporate bonds, which can satisfy the requirements of working capital, debt repayment and capital expenditure of projects. As at December 31, 2016, the Group's outstanding debentures and the Group's repaid debenture in 2016 were as follows.

Short-term financing notes	In July 2015, the Company issued the RMB1,000.0 million short-term financing notes with a term of one year to replenish cash flow of the Company. In 2016, the Company repaid the short-term debenture.
Corporate bonds	The Company has a total of RMB8,500.0 million Phase III corporate bonds transferred from controlling shareholder CGNPC (with a term of 10-15 years) which are used for the construction of Ling'ao Nuclear Power Station, Lingdong Nuclear Power Station and Yangjiang Nuclear Power Station.
Medium-term notes	"11 CGNPC MTN1" issued by CGNPC are jointly used by the Company and CGNPC, among which for the notes with nominal value of RMB2,000.0 million, the issuer remained unchanged and they were used for the construction of Yangjiang Nuclear Power Project. In 2016, the Company repaid the medium-term notes.
Private placement note (PPN)	Taishan Nuclear, the subsidiary of the Company, issued a total of RMB2,100.0 million of three tranches of PPN before its acquisition, and they are valid for three years. All the money raised are used for construction of Taishan Nuclear Power Station. In December 2015, Yangjiang Nuclear, the subsidiary of the Company, issued one tranche of PPN for raising an amount of RMB500.0 million with a term of three years for the construction of Yangjiang Nuclear Power Project. In January 2016, Yangjiang Nuclear, the subsidiary of the Company, issued a three-year private placement note (PPN) for raising an amount of RMB500.0 million for the construction of Yangjiang Nuclear Power Project. In February 2016, Yangjiang Nuclear, the subsidiary of the Company, issued a three-year private placement note (PPN) for raising an amount of RMB500.0 million for the construction of Yangjiang Nuclear Power Project. In June 2016, Yangjiang Nuclear, the subsidiary of the Company, issued a three-year private placement note (PPN) for raising an amount of RMB700.0 million for the construction of Yangjiang Nuclear Power Project. In July 2016, Yangjiang Nuclear, the subsidiary of the Company, issued a three-year private placement note (PPN) for raising an amount of RMB800.0 million for the construction of Yangjiang Nuclear Power Project. Fangchenggang Nuclear Power, the subsidiary of the Company, issued one tranche of private placement note (PPN) before being acquired for raising an amount of RMB1,500.0 million with a term of 2 years for the construction of Fangchenggang Nuclear Power Project. In 2016, Fangchenggang Nuclear Power has repaid the private placement note (PPN).

Note: The details of our bonds are set out in Note 37 to consolidated financial statements on page 276.

Financial Capital

In August 2016, the Company completed the registration for a ultra-short-term debenture with an amount of RMB5,000 million; in November 2016, the Company's general meeting approved the issuance of medium and long-term debentures with an amount of RMB10,000 million. In 2017, the Company will timely issue short-term and medium and long-term debentures based on its business development needs, so as to further broaden the Company's financing channels and enhance its capital assurance ability.

External Debt Financing

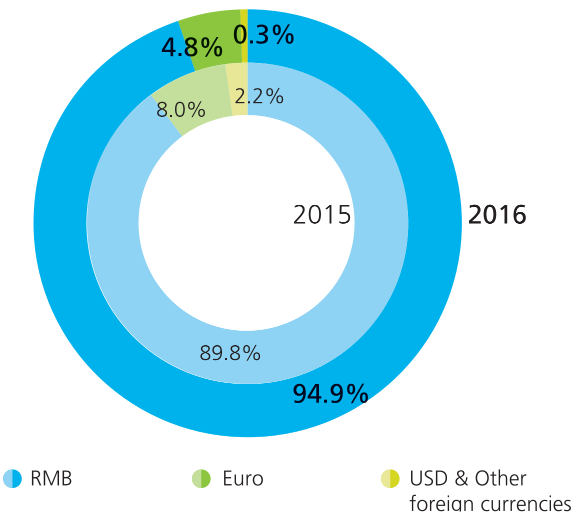
According to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (《關於推進企業發行外債備案登記制管理改革的通知》) (Fa Gai Wai Zi [2015] No. 2044) promulgated by the NDRC on September 14, 2015, the Company is competent and qualified for foreign debt financing and may issue oversea bonds subject to filings with the NDRC. In the future, the Company will consider factors including issue price, foreign exchange and tax policies, offshore investment demand and foreign exchange risk to opportunistically seek foreign bond financing activities. Besides, we will carry out international rating according to the overseas financing plan in due time. As of December 31, 2016, the Company has not carried out oversea debt financing.

Reasonable Currency and Term Structure

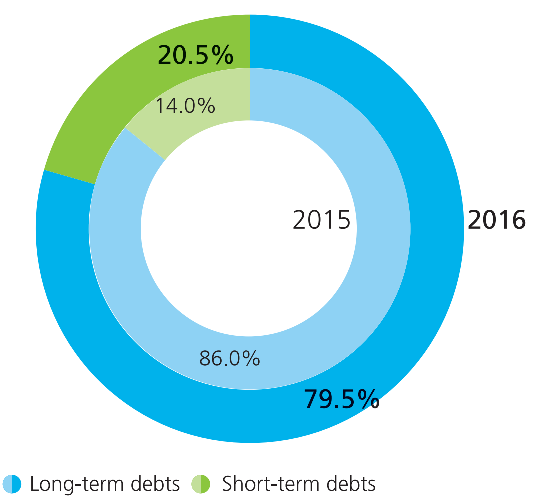
With regard to the financing currency, since the sales income and cost of procurement of the Company are denominated in RMB, we maintain a RMBoriented debt structure, which not only satisfies our operational characteristics, but also effectively prevents liquidity risks and systematic exchange rate risks of the Company. As at December 31, 2016, the Group's bank borrowings denominated in RMB and other borrowings accounted for approximately 94.9% of our debts, bank borrowings denominated in foreign currency and other borrowing accounted for approximately 5.1% of our debts. Bank borrowings denominated in foregin currency and other borrowings, are primarily used to procure equipment and spare parts from overseas markets as well as related services.

In view of financing terms, the construction and operation of nuclear power projects have relatively long cycles, therefore our debts mainly comprise long-term debts. Meanwhile, to meet the needs of the Company's liquidity management, we also intend to gradually repay the project debts with the income generated from our projects in the future through matching the decentralized and orderly repayment schedules with long-term cash flow returns from the Company's nuclear power projects. As of December 31, 2016, short-term debts of the Group accounted for approximately 20.5% and long-term debts accounted for approximately 79.5%.

Analysis of debt balance - by currency



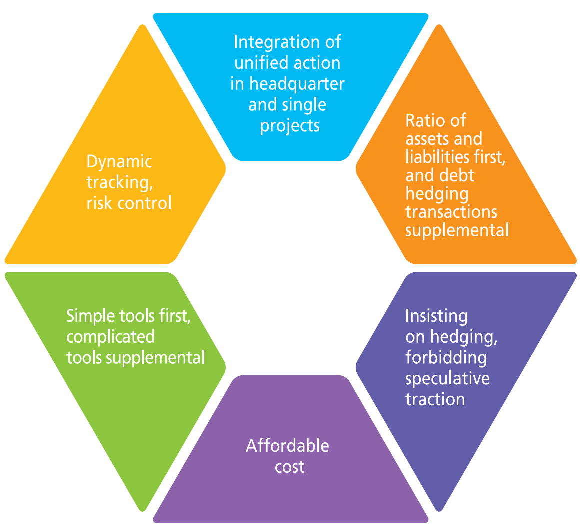
Analysis of debt balance - by term



Debt Risk Management

Effective response to foreign exchange rate and interest rate risks

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



In 2016, facing the complex financial market environment, the Company adopted forward transactions, debt replacements and early repayments, etc. to reduce the impact of foreign currency exchange rate fluctuation. As compared with the end of 2015, the balance of the Group's bank borrowings and other borrowings denominated in foreign currencies at the end of 2016 decreased by RMB7,615.2 million in equivalent and its percentage in total bank borrowings and other borrowings decreased from 10.2% to 5.1%. In 2017, the Company will continue to monitor the market and take appropriate measures to minimize the impact of foreign currency exchange rate fluctuations.

The debt financing of the Company mainly comprised medium and long-term floating rate debts. In 2016, in order to cope with long-term interest rate risk, particularly when the domestic interest rate was at a record low relatively and being marketized, we reduced the impact of fluctuation of interest rate on the Company's operation through moderate adjustment of fixed and variable interest rate structure.

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 and associates to provide guarantees in any form to external entities or individuals without the approval of the competent authorities of the Company. Subsidiaries and associates 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 Capital

Proper Financial Leverage

We are concerned about our financial leverage and shall continue to undertake its optimization. On the one hand, we achieve good shareholder returns through the proper financial leverage, and on the other hand, we avoid excessive debtfinancing in the course of business expansion that may hurt our financial health. On December 31, 2016, the Group's gearing ratio was 71.5%.

Adequate Liquidity

To manage liquidity risks, we monitor and maintain our cash and cash equivalents as well as the level of unutilized banking facilities to ensure that such amounts can provide sufficient cash support for our operation and avoiding too much idle fund. As affected by the Acquisition in 2016, the Company's current liability recorded a substantial growth relative to its current assets. The Company will adopt a series of measures to balance its level of current assets and current liability.

As of December 31, 2016, we had cash and cash equivalents of RMB8,456.5 million, limit of short-term financing notes of RMB5,000.0 million (available for public offering), limit of ultra-short-term financing notes of RMB5,000.0 million (available for public offering) and undrawn bank general credit limit of RMB96,738.6 million.

Maintaining a Good Credit Rating

Maintaining a good credit rating helps lower our cost of financing. In June 2016, China Chengxin International Credit Rating Co. Ltd. (中誠信國際信用評級有限責任公司) assessed the credit rating of the Company, and given "the gradual commissioning of the nuclear power generating units under construction and the smooth progress of the projects under construction", the rating agency concluded that the Company would "enjoy steady growth in the nuclear power generation capacity in the future and the generating capability would further be strengthened with stronger profitability and smooth financing channels" and maintained our AAA credit rating with stable outlook. We shall continue to maintain our healthy financial positioning and keep a good communication with credit rating agencies so as to maintain our sound credit ratings.

Environmental Capital

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

Environmental Management System

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

The Company highly emphasizes the establishment of an environmental management system, and has confirmed the environmental policy of "compliance with regulations, safe operation, pollution prevention and continuous improvement", while each nuclear power plant has set up a special environmental management agency with professional environmental protection staff to develop and improve the environmental management system. The nuclear power stations 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.

Radioactive Waste Management

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

We have established a set of comprehensive radioactive waste management mechanism which have been integrated into the whole production process of nuclear power stations, and control and treat radioactive wastes using international advanced technologies and standards to continuously improve our capability in respect of the treatment of three wastes. We strive to minimize the amount of radioactive waste generated. We follow rigorous safety practice standards in every aspect of our treatment of radioactive waste (including collection, purification and concentration, volume reduction and solidification, packaging, transportation, temporary storage on-site, centralized disposal, etc.) The emissions are far lower than national emission standards. Please refer to chapter "business performance and analysis" for details of radioactive waste of our plants in 2016.

Environmental Capital

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

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

Egrets habitating in Daya Bay Nuclear Power Station

Environmental Monitoring

Nuclear Power Bases of Daya bay, Yangjiang, Ningde, Hongyanhe, Fangchenggang managed by us and other nuclear power base in operation has established stringent environmental monitoring system and environment routing inspection record system according to the requirements of environmental protection department, so as to monitor and analyze the environmental media of air, land species and marine organism within a radius of 10 kilometers of our nuclear power stations, and to assess the environmental standard within nuclear power station and surrounding regions and reduce the impact of power station operation on the surrounding environment.

In addition to self-monitoring of power stations, national regulatory authorities and third-parties external organizations will also monitor the environment of power stations.

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.

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

Other situations in relation to the Group's environment management, please see the ESG Report for the year 2016 issued by the Company.

Social and Relationship Capital

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

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

Proactive Disclosure of Information

Each of the nuclear power bases managed by us has established its own public information platform on nuclear and radiation. The information made available to public includes monthly operating data, such as capacity factor, radiation protection, industrial safety, Level 1 fire risk incidents, "three wastes" control and monitor of the environment, and incidents. In the event that any incident occurred in any operating power generating unit, the incident must be reported on such public information platform within two working days. In 2016, a total of 38 events occurred, which had been disclosed in a timely manner.

Each of the nuclear power bases managed by us has established its own special websites and social media platforms such as the official WeChat account for proactively delivering the operational information of various nuclear power bases. The Company arranges regular press conferences, interviews and site visits by invitation, theme events that provide oral and written reports of nuclear power stations' related information to the industry department heads, takes public inquiries through hotlines, facsimile and email, enhances the communication with media through publications. In 2016, the Company and its nuclear power stations convened a total of fifteen press conferences.

On August 6, 2016, our press spokespersons made a public appearance

Social and Relationship Capital

Promoting transparent communication with public

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

Participating in exhibitions In 2016, through China International Nuclear Industry Exhibition, China Hi-Tech Fair, World Nuclear Exhibition and other domestic and international integrated exhibition platforms, we actively promoted HPR1000 and other advanced nuclear power technology to the public, attracting over 60,000 visitors.

Accessing to schools "The First Science Class" and other popular science in relation to nuclear power have been conducted in over 100 schools surrounding the top six nuclear power bases, covering over 16,000 students.

Public Open Day We continued to organize "8·7 Public Open Day" and other promotional activities. As of the end of 2016, our nuclear power bases recorded over 500,000 visits of the public. We are open to communicate with the public, and through organizing visits to the nuclear power bases and face-to-face communication between the public and staff, we let the public understand the real nuclear power management to experience the charm of nuclear power.

In 2016, 34 representatives from 17 government departments such as Secretariat for Security (Macau Special Administrative Region) and social groups in Macau were invited to visit Taishan Nuclear Power Station to learn nuclear knowledge and the nuclear safety culture. Through active communication and interaction with the public, the representatives have a more comprehensive, scientific and rational knowledge of nuclear power.

Representatives from Macau Special Administrative Region visited Taishan Nuclear Power Station

Win-win social development

We uphold the vision of"boosting the economy and benefiting the people there in which we conduct a construction project". We actively promote community development when achieving our corporate development to build harmonic relationship with the surroundings.

Promoting local employment

On October 18, 2016, "2016 Special Recruitment Fair of Accurate Identification of the Poor in Guang Po Zhen"was jointly held by Fangchenggang Nuclear Power and the local government in Fangchenggang Nuclear. The recruitment provided nearly 100 job vacancies such as secretaries, clerks, technicians, cooks and cleaners. Over 300 residents from surroundings of Fangchenggang Nuclear Power consulted and submitted resumes. Over the years, all Fangchenggang Nuclear actively improved local employment in surroundings of the base and organized many nuclear power base special recruitment fairs. In 2016, local staff from Fangchenggang and Guangxi employees employed by different companies working in Fangchenggang nuclear power base amounted to over 2800.

Engaging in public welfare activities

We actively participate in social charity activities, assist vulnerable groups in society, and continuously contribute to the community.

We encourage and support our employees to systematize and regularize the charitable activities. In 2016, we had over 7,000 staff volunteers, and recorded over 6,600 person-times and 23,000 hours devoted to public services.

Fangchenggang Nuclear Power held a job fair specific for poor households

Charity blood donations by employees of CGN Engineering

Note: Other situations in relation to the Group's fulfillment of social responsibilities, please see the ESG Report for the year 2016 issued by the Company.

中广核 CGN
中國廣核電力股份有限公司
CGN Power Co., Ltd.
2016年度臨時股東大會

Corporate Governance

Board of Directors, Supervisory Committee and Senior Management

Board of Directors

Chairman and Non-executive Director

Mr. Zhang Shanming
Chairman of the Board and non-executive Director

Mr. Zhang Shanming (張善明), aged 52, is the Chairman of the Board and a non-executive Director of the Company. He was appointed as our Chairman and non-executive Director on March 24, 2014. Mr. Zhang has more than 32 years of experience in the nuclear power industry. He served as the chairman of the board of directors of China Nuclear Power Engineering Co., Ltd. from February 2006 to June 2008, as the chairman of the board of directors of China Nuclear Power Technology Research Institute Co., Ltd. from May 2008 to June 2011, and as the chairman of the board of directors of Daya Bay Nuclear Power Operations and Management Co., Ltd. from February 2009 to June 2011. He has been the general manager of CGNPC since August 23, 2010 up to now. Mr. Zhang obtained a bachelor of engineering degree in thermal power of power station from Zhejiang University (浙江大學) in July 1984, a master of business administration degree from Shanghai Jiao Tong University (上海交通大學) in July 2002, and a doctor of economics degree in finance from Wuhan University (武漢大學) in June 2012. Mr. Zhang attended training on operations management and safety supervision in EDF in France and in General Electric (UK) from April 1989 to December 1990. Mr. Zhang is entitled to special allowance of the State Council. He won WANO Nuclear Excellence Award in May 2013 and was recognized as a National Outstanding Entrepreneur in May 2014. Mr. Zhang was accredited as a professorship-level senior engineer by China Guangdong Nuclear Power Holding Co., Ltd. (now known as CGNPC) in December 2001.

Executive Director

Mr. Gao Ligang
Executive Director and President

Mr. Gao Ligang (高立剛), aged 51 is the executive Director and the President of the Company. He was appointed as our executive Director and President on March 24, 2014. Mr. Gao has more than 28 years of experience in the nuclear power industry. He served as the general manager of China Nuclear Power Technology Research Institute Co., Ltd. from February 2004 to January 2008. He worked successively as the chairman of the board of directors and the general manager of Yangjiang Nuclear Power Co., Ltd. from December 2007 to October 2013. He also served as the general manager of Guangdong Taishan Nuclear Co., Ltd. (now known as "Taishan Nuclear Power Joint Venture Co., Ltd.") from December 2007 to October 2011, and has been the chairman of the board of directors of Taishan Nuclear Power Joint Venture Co., Ltd. since December 2007 up to now. Mr. Gao also served as the deputy general manager of CGNPC from April 2011 to March 2014 and the chairman of General Nuclear System Limited ("**GNS**") since June 2016 up to now. Mr. Gao obtained a bachelor of engineering degree in power system and automation from Huazhong University of Science and Technology (formerly known as Huazhong Institute of Technology) in July 1985 and a master of engineering degree in power system and automation from North China Institute of Electric Power (華北電力學院) in January 1988. Mr. Gao is entitled to a special allowance of the State Council. Mr. Gao was accredited as a professorship-level senior engineer by China Guangdong Nuclear Power Holding Co., Ltd. (now known as "CGNPC") in December 2001.

Non-executive Directors

Mr. Shi Bing
Non-executive Director

Mr. Shi Bing (施兵), aged 49, is a non-executive Director of the Company. He was appointed as our non-executive Director on March 24, 2014. Mr. Shi has more than 20 years of experience in finance, accounting, auditing and management in respect of the large nuclear power enterprises. Mr. Shi has successively served as the deputy chief accountant and general manager of the finance department concurrently, deputy general manager and deputy chief accountant concurrently, deputy general manager and chief accountant concurrently at CGNPC since January 2008 up to now. Mr. Shi obtained a bachelor of economics degree in national economic management from Lanzhou University (蘭州大學) in June 1990 and a master of economics degree in accounting from Central University of Finance and Economics (中央財經大學) (formerly known as Central Institute of Finance and Banking) in March 1996. Mr. Shi is entitled to a special allowance of the State Council. Mr. Shi was accredited as a senior accountant by the third Assessment Committee of the Senior Accountant Qualification of Guangdong Province in December 2003.

Mr. Xiao Xue
Non-executive Director

Mr. Xiao Xue (肖學), aged 51, is a non-executive Director of the Company. He was appointed as our non-executive Director on March 24, 2014. Mr. Xiao has more than 32 years of experience in corporate management and financial management. Mr. Xiao served as the deputy director of Guangdong State Assets Supervision and Administration Commission from August 2008 to April 2012. He was an expert member of the Decision-making and Advisory Committee for Guangdong Provincial Government from May 2012 to October 2015. He had served as the chairman of the board of directors of Guangdong Hengjian Investment Holdings Co., Ltd. from May 2012 to October 2016, the secretary of the Party group and an entrepreneur member of the Decision-making and Advisory Committee for Guangdong Provincial Government since October 2015 up to now and the director of the Financial Work Office of People's Government of Guangdong Province since September 2016 up to now. Mr. Xiao graduated from the Accounting Department of Jinan University (暨南大學) with a bachelor of economics in July 1985 and obtained a master of economics degree from Zhongnan University of Economics and Law (中南財經大學) in December 1997 and a doctor of management degree from the Finance Science Research Institute of the Ministry of Finance in July 2008.

Mr. Zhuo Yuyun
Non-executive Director

Mr. Zhuo Yuyun (卓宇雲), aged 46, is a non-executive Director of the Company. He was appointed as our non-executive Director on March 24, 2014. Mr. Zhuo has more than 21 years of experience in the nuclear power industry. Mr. Zhuo served as the deputy director of the finance and accounting department at China National Nuclear Corporation from August 2007 to January 2010. Mr. Zhuo served as the general counsel of China National Nuclear Power Co., Ltd. from February 2014 to December 2015, the deputy general manager and chief accountant of CNNC Nuclear Power Co., Ltd. form January 2010 to December 2011, the deputy general manager and chief accountant of China National Nuclear Power Co., Ltd. from December 2011 to December 2016, and the chief accountant of China Nuclear Fuel Corporation since December 2016 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 in July 1992, obtained an executive master of business administration degree from Fudan University (復旦大學) in January 2005 and a postgraduate diploma in corporate finance and investment management from the University of Hong Kong in April 2013. Mr. Zhuo was accredited as a senior accountant by China National Nuclear Corporation in January 2002.

Board of Directors, Supervisory Committee and Senior Management

Independent Non-Executive Directors

Mr. Na Xizhi
Independent non-executive Director

Mr. Na Xizhi (那希志), aged 63, is an independent non-executive Director of the Company. He was appointed as our independent non-executive Director on March 24, 2014. Mr. Na worked as the general manager at Huaneng Power International Inc., a company listed on Hong Kong Stock Exchange (stock code: 902) and Shanghai Stock Exchange (stock code: 600011), which was engaged in the development, construction and operation and management of power stations, from March 2006 to April 2008; served as a director of Huaneng Power International, Inc. from May 2005 to May 2008; and served as the deputy general manager at China Huaneng Group 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
Independent non-executive Director

Mr. Hu Yiguang (胡裔光), aged 45, is an independent non-executive Director of the Company. He was appointed as our independent non-executive Director on March 24, 2014. Mr. Hu is a senior partner and a managing partner of Lifang & Partners in Beijing, PRC and is well versed in laws relating to real estate and construction industry, corporate laws, financial laws, as well as general civil and commercial litigation and arbitration. He is an experienced business negotiator and law-related project designer, and has worked as a legal counsel for the former Ministry of Railways of the PRC, China Minsheng Banking Corp., Ltd., China Everbright Bank Co., Ltd. and other enterprises and government departments. He currently serves as outside director of China Iron & Steel Research Institute Group and Sinosteel Corporation. 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
Independent non-executive Director

Mr. Francis Siu Wai Keung (蕭偉強), aged 62, is an independent non-executive Director of the Company. He was appointed as our independent non-executive Director on March 24, 2014. Mr. Siu has worked in KPMG for approximately 31 years, where he provided professional services to clients from various industries. He has extensive experience in providing audit services for PRC and overseas companies, and has sound knowledge in providing professional advice on foreign direct investment in the PRC. Mr. Siu serves as an independent non-executive director at various listed companies, including CITIC Ltd. (stock code: 267), China Communications Services Corporation Ltd. (stock code: 0552), and China International Capital Corporation Limited (stock code:3908), being listed on the Hong Kong Stock Exchange; GuocoLand Limited (stock code: GUOL) and BHG Retail Trust Managemengt Pte. Ltd., being companies listed on the Singapore Exchange and the independent non-executive director of Beijing Gao Hua Securities Co., Ltd. He obtained a bachelor of arts degree with major in economics, accounting and financial management from the University of Sheffield in the United Kingdom in July 1979. Mr. Siu is a senior fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

Supervisory Committee

Mr. Pan Yinsheng
Chairman of the Supervisory Committee

Mr. Pan Yinsheng (潘銀生), aged 56, is the chairman of the Supervisory Committee of the Company. Mr. Pan was appointed as one of the supervisors of the Company on June 12, 2015, and the chairman of the Supervisory Committee of the Company on June 19, 2015. Mr. Pan served as a clerk of the production technology division in the state-owned Factory 404 of the Ministry of Nuclear Industry from August 1984 to April 1987. He joined CGNPC in April 1987, and he served as the trainer of the production department, operator of the operation division of the production department, deputy shift supervisor, No.3 shift supervisor, day shift supervisor, deputy branch head and branch head of operation branch of operation department 1 in Guangdong Nuclear Power Joint Venture Co., Ltd. up to March 2003. Mr. Pan was the deputy manager of the production department in Daya Bay Nuclear Power Operations and Management Co., Ltd. from March 2003 to July 2003, the assistant general manager of Yangjiang Nuclear Power Co., Ltd. (planned) from July 2003 to February 2004, general manager of the development and planning department of CGNPC from February 2004 to November 2006, chief information officer of CGNPC and general manager of ERP Construction Project Department of the Group from November 2006 to June 2011, deputy general manager of Guangdong Nuclear Investment Co., Ltd. from June 2011 to August 2014 (and during the period between August 2011 and August 2014, concurrently serving as the deputy commissioner of Xinjiang Altay region administrative office as a temporary assignment). Mr. Pan served as the safety director of CGNPC from September 2014 to December 31, 2015. He also served as the general manager of Daya Bay Nuclear Power Operations and Management Co., Ltd. since January 2016 up to now. Mr. Pan graduated from Department of Engineering Physics of Tsinghua University (清華大學) in July 1984 with a bachelor degree in engineering, specializing in nuclear reactor engineering. In July 2002, he graduated from Huazhong University of Science and Technology (華中科技大學) with a master of engineering degree, specializing in industrial engineering.

Mr. Yang Lanhe
Non-employee representative Supervisor

Mr. Yang Lanhe (楊蘭和), aged 65, was appointed as non-employee representative Supervisor of the Company on June 12, 2015. Mr. Yang was a deputy secretary to the Party Committee of Jiuzhou Commune of Yunlong County in Yunnan Province from October 1971 to November 1973; served as an operator and a shift supervisor of the main control room in Branch 2 of the State-owned Plant 404 from January 1978 to September 1990; served as deputy section chief, section chief, deputy branch manager, branch manager and deputy general manager of Nuclear Power Qinshan Joint Venture Co., Ltd. from September 1990 to April 2003; served as secretary to the Committee of Nuclear Power Qinshan Joint Venture Co., Ltd. under the Communist Party of China from April 2003 to November 2004; served as general manager and secretary to the Party Committee of Nuclear Power Qinshan Joint Venture Co., Ltd., general manager of Qinshan Nuclear Power Station No. 3 Co., Ltd. and deputy secretary to the Party Committee of the Qinshan Nuclear Power Base from November 2004 to February 2013. Mr. Yang has been a member of the Zhejiang Provincial Committee of the Chinese People's Political Consultative Conference since February 2013. Mr. Yang graduated from the Department of Engineering Physics of Tsinghua University in 1978, specializing in nuclear reactor engineering. In 2006, he obtained a master of business administration degree from Shanghai Jiao Tong University.

Board of Directors, Supervisory Committee and Senior Management

Mr. Chen Rongzhen
Non-employee representative Supervisor

Mr. Chen Rongzhen (陳榮真), aged 62, was appointed as non-employee representative Supervisor of the Company on June 12, 2015. Mr. Chen worked at the light mechanical repair plant 2 in Haifeng County from March 1973 to March 1977; served as a technician and deputy director of the load dispatch zone in the Guangzhou Power Supply Bureau from July 1980 to March 1986; served as deputy secretary, member, deputy secretary of the Party Committee and secretary to the Party Committee of Guangzhou Power Supply Bureau from September 1987 to November 1992; served as deputy bureau chief (at branch ranking) of the Guangzhou Power Industry Bureau from November 1992 to January 2002; served as the director and the Party secretary of the Guangdong Jiangmen Power Supply Bureau from February 2002 to October 2003; and served as deputy general manager and member of the Party Committee of Guangdong Guangdian Group Co., Ltd from November 2003 to June 2005. Mr. Chen served as deputy general manager and member of the Party Committee of Guangdong Power Grid Corporation from June 2005 to November 2007; served as director of market transaction department of China Southern Power Grid Limited Liability Company from November 2007 to December 2010 (during the period he was entitled to special allowance of the State Council on February 2, 2009); served as director of the marketing department and deputy chief economist of China Southern Power Grid Limited Liability Company from December 2010 to December 2014. Mr. Chen graduated from South China University of Technology in July 1980.

Mr. Cai Zihua
Employee representative Supervisor

Mr. Cai Zihua (蔡梓華), aged 52. Mr. Cai was appointed as an employee representative Supervisor of the Company on June 12, 2015. Mr. Cai worked in the investment control branch of the engineering department and the cost branch of the finance department of Guangdong Nuclear Power Joint Venture Co., Ltd. from July 1987 to October 1992; served as an auditor and director of the audit department of CGNPC from July 1996 to December 2000. Mr. Cai served as manager of the finance department of CGN Datang Real Estate Co., Ltd. while concurrently serving as chief financial officer of Shanghai Guangdong Nuclear Investment Corporation and Shanghai Shengtang Properties Limited from December 2000 to December 2003; served as manager of the finance department of Yangjiang Nuclear Power Co., Ltd. (planned), manager of the finance department of Yangjiang Nuclear Power Co., Ltd., chief accountant of Yangjiang Nuclear Power Co., Ltd. and Taishan Nuclear Power Joint Venture Co., Ltd. from December 2003 to March 2012; served as chief accountant of Taishan Nuclear Power Joint Venture Co., Ltd. from March 2012 to November 2012. Mr. Cai also served as chief accountant of China Nuclear Power Engineering Co., Ltd. from November 2012 to August 2014, and he has been a director of the audit department of the Company since September 2014. Mr. Cai graduated from the Department of Industrial Economics of Shanghai University of Finance and Economics with a bachelor degree in Economics in June 1987. He was qualified as a certified senior auditors in December 1997.

Mr. Wang Hongxin
Employee representative Supervisor

Mr. Wang Hongxin (王宏新), aged 53. Mr. Wang was appointed as an employee representative Supervisor of the Company on June 12, 2015. Mr. Wang was a lecturer at the heating and ventilation system teaching and research department of the Heat, Energy and Environmental Engineering Faculty in the Tianjin Urban Construction Institute from March 1989 to March 1992; worked in the documentation office of the Guangdong Nuclear Power Joint Venture Co., Ltd. from March 1992 to March 2003; worked in the documentation office of the technology department of Daya Bay Nuclear Power Operations and Management Co., Ltd. from March 2003 to November 2005; served as deputy branch manager of the audit department of CGNPC from November 2005 to July 2007; served as deputy branch manager and branch manager of the party team working division of CGNPC from July 2007 to January 2011. Mr. Wang served as special duty director of the governance and business department of CGNPC from January 2011 to July 2011; served as the director of special duty and assistant general manager of the legal affairs department of CGNPC July 2011 to May 2014; served as the deputy general manager of the legal affairs department of the Company from May 2014 to February 2016; and has been the deputy director of Supervisory Committee of the Company since September 2015 up to now. Mr. Wang graduated from the Department of Engineering Physics of Tsinghua University with a bachelor degree in July 1986. In March 1989, he graduated from the Heat, Energy and Environmental Engineering Faculty in the Tianjin University with a master degree.

Senior Management

Mr. Gao Ligang
Executive Director and President

Mr. Gao Ligang (高立剛), aged 51 is the executive Director and the President of the Company. He was appointed as our executive Director and President on March 24, 2014. Mr. Gao has more than 28 years of experience in the nuclear power industry. He served as the general manager of China Nuclear Power Technology Research Institute Co., Ltd. from February 2004 to January 2008. He worked successively as the chairman of the board of directors and the general manager of Yangjiang Nuclear Power Co., Ltd. from December 2007 to October 2013. He also served as the general manager of Guangdong Taishan Nuclear Co., Ltd. (now known as "Taishan Nuclear Power Joint Venture Co., Ltd.") from December 2007 to October 2011, and has been the chairman of the board of directors of Taishan Nuclear Power Joint Venture Co., Ltd. since December 2007 up to now. Mr. Gao also served as the deputy general manager of CGNPC from April 2011 to March 2014 and the chairman of GNS since June 2016 up to now. Mr. Gao obtained a bachelor of engineering degree in power system and automation from Huazhong University of Science and Technology (formerly known as Huazhong Institute of Technology) in July 1985 and a master of engineering degree in power system and automation from North China Institute of Electric Power (華北電力學院) in January 1988. Mr. Gao is entitled to a special allowance of the State Council. Mr. Gao was accredited as a professorship-level senior engineer by China Guangdong Nuclear Power Holding Co., Ltd. (now known as "CGNPC") in December 2001.

Board of Directors, Supervisory Committee and Senior Management

Mr. Su Shengbing
Vice President

Mr. Su Shengbing (蘇聖兵), aged 54, is the Vice President of the Company. He was appointed as our Vice President on March 24, 2014. Mr. Su served as deputy general manager at Liaoning Hongyanhe Nuclear Power Co., Ltd. from August 2006 to May 2010, as deputy director of the general office and director of the research center at CGNPC from May 2010 to June 2011, and as deputy general manager at GNIC from June 2011 to September 2012. Mr. Su has been the general manager of China Nuclear Power Operations Co., Ltd. since September 2012 up to now. He served as the general manager of the nuclear power operation unit of the Company from May 2014 to May 2016. He has also served as the chairman of the board of directors of Daya Bay Nuclear Power Operations and Management Co., Ltd. and GNPJVC since January 1, 2016 up to now. Mr. Su graduated from Xi'an Jiao Tong University (西安交通大學) with a bachelor of engineering degree in nuclear reactor engineering in July 1982 and a master of engineering degree in industrial engineering from Huazhong University of Science and Technology (華中科技大學) in June 2008. Mr. Su was accredited as a researcher-level senior engineer by China Guangdong Nuclear Power Holding Co., Ltd. (now known as CGNPC) in December 2002.

Mr. Wei Qiyan
Board secretary and general manager of the investor relations department

Mr. Wei Qiyan(魏其岩), aged 49, is the joint company secretary and Board secretary of the Company. Since March 16, 2016, Mr. Wei has been appointed as the joint company secretary and Board secretary. Mr. Wei worked in the operations department and the operations preparation office of Guangdong Nuclear Power Joint Venture Co., Ltd. from April 1991 to August 1999; he served as the director of the project liaison office of the operations department of Ling'ao Nuclear Power Co., Ltd. from August 1999 to July 2003, the branch manager of the contract and supply branch of the technical department of Daya Bay Nuclear Power Operations and Management Co., Ltd. from July 2003 to August 2004, the head and deputy manager of the planning and contract department of Yangjiang Nuclear Power Co., Ltd. (planning) from August 2004 to April 2005, the deputy manager and manager of the planning and contract department of Yangjiang Nuclear Power Co., Ltd. from April 2005 to March 2008, the manager of the planning and contract department and contract manager of the project department of Taishan Nuclear Power Co., Ltd. (currently known as Taishan Nuclear Power Joint Venture Co., Ltd.) from March 2008 to April 2011, and served as the deputy general manager of CGN Uranium Resources Co., Ltd. from April 2011 to February 2016; the general manager of the investor relations department since February 2016. Mr. Wei obtained a bachelor degree in engineering, majoring in nuclear reactor engineering from Xi'an Jiaotong University in 1988, a master degree in engineering, majoring in nuclear reactor physics from Tsinghua University in March 1991 and a doctoral degree in management from Huazhong University of Science and Technology in December 2007. Mr. Wei obtained the qualification of senior engineer accredited by China Guangdong Nuclear Power Corporation (currently known as China General Nuclear Power Corporation) in December 2001.

Corporate Governance Report

Brief Introduction to the Corporate Governance Code of CGN Power

The Company strives to maintain a high level of corporate governance to ensure the realisation of the Company's strategy, to protect the interests of shareholders and to enhance enterprise value. The Company has complied with the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). 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) (the "**Corporate Governance Code of the Company**") on November 18, 2014. Pursuant to the latest revision of the Hong Kong Stock Exchange Code and the Procedural Rules of Board of Directors of the Company, the Board approved the revision of the Corporate Governance Code on January 6, 2016, which mainly included the matters related to risk management in the duties of the Audit Committee and the addition of matters related to the Nuclear Safety Committee. On March 14, 2016, the Board approved to change the name of the Audit Committee into the Audit and Risk Management Committee.

In 2016, the Corporate Governance Code of the Company is in compliance with all code provisions of Hong Kong Stock Exchange Code. Only two of the recommended best practices (namely, a listed company should announce and release reports on quarterly results and issuers should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in its annual reports) had not been adopted by the Company. In 2016, we released a total of four quarterly operational briefings to disclose the Company's on-grid power generation, the operation status of the generating units in operation and the construction progress of the generating units under construction. During the end of each quarter, we also publish quarterly financial statement for the domestic market according to the requirement of the local debt securities market, and publish overseas regulation announcement on the website of the Hong Kong Stock Exchange to disclose the quarterly financial position on the basis of the PRC accounting rules, and to appropriately indicate the differences from that by the International Accounting Standards. Through reporting and delivering sufficient information and data to shareholders, we endeavor to reduce costs and enhance efficiency for the benefits of shareholders. We will review the above considerations and practices should we receive any suggestions and feedback from our shareholders. We will continue to deliver reports to shareholders in a comprehensive and timely manner through various channels, such as all kinds of periodic reports and the Company website.

Corporate Governance Report

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 service contracts with our Directors and Supervisors do not contain any provisions under which the Company shall not terminate such contracts within one year without compensation (except for statutory compensation).
- The coverage of the Directors' liabilities insurance we have purchased has been extended to all directors of our subsidiaries and major affiliated companies. The maximum indemnity of the insurance policy for the renewal maintains at a relatively high level.
- The Board Secretary of the Company will sort out the actions from the meeting within one week after each board meeting, and continuously follow up the implementation of the actions from the meeting. The Board Secretary of the Company will report to the Board in respect of the implementation of actions at the next board meeting and continue to follow up the actions which are still within the timeframe.
- 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 (the "**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 confirmation of their compliance with such code.

Corporate Governance Framework

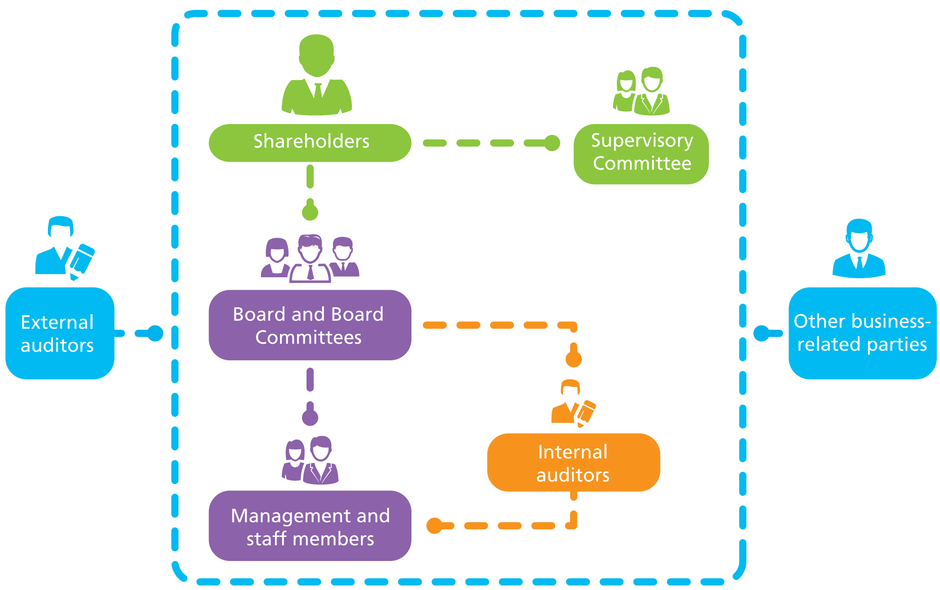
The corporate governance framework of CGN Power is designed to safeguard the interests of shareholders and it involves all the key participants in the corporate governance practices of the Company, reflecting the ways in which they relate to each other and their roles and functions in corporate governance.

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 to 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

In 2016, as the change of name of the Audit Committee into the Audit and Risk Management Committee and the change of registered address, the Company made amendments to the Articles of Association and the Procedural Rules of Board of Directors, which were approved at the 2015 AGM. The Board approved the amendments to the Corporate Governance Code of the Company and the Terms of Reference of the Audit and Risk Management Committee of the Board of Directors. The Board also authorised the executive Directors to confirm the purchase and sale of the Company's securities by the Chairman. The Company continuously improved the regulatory documents on governance and formulated the Identification and Responding Procedures of Capital Market Crisis of CGN Pwer Co., Ltd. (《中國廣核電力股份有限公司資本市場危機識別及應對流程》) and the Procedures of Trading Halt, Suspension and Resumption of CGN Pwer Co., Ltd. (《中國廣核電力股份有限公司股票短暫停牌、停牌及復牌流程》).



Corporate Governance Report

As of the end of 2016, our regulatory documents on governance and key rules and regulations include:

- Articles of Association of CGN Power Co., Ltd.*
- Procedural Rules of General Meeting of CGN Power Co., Ltd.*
- Procedural Rules of Board of Directors of CGN Power Co., Ltd.* (the "**Procedural Rules of Board of Directors**")
- Procedural Rules of Supervisory Committee of CGN Power Co., Ltd. (the "**Procedural Rules of Supervisory Committee**")
- Provisions on the Corporate Governance Authorization of CGN Power Co., Ltd. (the "**Provisions on the Corporate Governance Authorization**")
- Terms of Reference for the Audit and Risk Management Committee of CGN Power Co., Ltd.*
- Terms of Reference for the Remuneration Committee of CGN Power Co., Ltd.*
- Terms of Reference for the Nomination Committee of CGN Power Co., Ltd.*
- Terms of Reference for the Nuclear Safety Committee of CGN Power Co., Ltd.*
- Board Diversity Policy of CGN Power Co., Ltd.*
- Management Rules on Information Disclosure of CGN Power Co., Ltd.
- Management Measures on Inside Information and Insiders of CGN Power Co., Ltd.
- Management Rules on Investor Relations of CGN Power Co., Ltd.
- Management Rules on Connected Transactions of CGN Power Co., Ltd.
- Management Rules on Comprehensive Risk Management of CGN Power Co., Ltd.
- Management Rules on Internal Auditing of CGN Power Co., Ltd.
- Procedures of Trading Halt, Suspension and Resumption of CGN Pwer Co., Ltd.

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

Major amendments to the Articles of Association

On May 27, 2016, amendments to the Articles of Association have been passed on the AGM of the Company, which are mainly related to the change of registered address of the Company:

Article Number	Content Before Amendments	Content After Amendments
Article 3	The address of the Company: 24/F, Science & Technology Building, No.1001 Shangbuzhong Road, Futian District, Shenzhen, Guangdong, People's Republic of China. Zip Code: 518031 Tel: 86-755-83671649 Fax: 86-755-83699221	The address of the Company: 18/F, South Tower, CGN Building, No.2002 Shennan Road, Futian District, Shenzhen. Zip Code: 518026 Tel: 86-755-84430888 Fax: 86-755-83699089

Compliance with Domestic Regulatory Requirements

The Corporate Governance Code of the Company and the actual governance practice of the Company were in compl iance wi th the PRC laws and regulations, the relevant regulatory requirements of the China's Securities Regulatory Commission ("**CSRC**") and the Hong Kong Stock Exchange and the Company will revise and update on a continuous basis as required by the laws and regulations and regulatory requirements in the future. As of the end of 2016, none of the Company, the Directors, Supervisors or senior management was subject to any administrative punishment, notice of criticism or blame.

Relationship with Controlling Shareholder

Independence from Controlling Shareholder

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

Among nine Directors of the Company, three non-executive Directors hold positions in CGNPC. Among which, Mr. Zhang Weiqing, the non-executive Director appointed by CGNPC, has resigned due to retirement on July 22, 2016, and Mr. Gao Ligang, the executive Director and President, was appointed as the chairman of GNS in June 2016. Mr. Shu Guogang, the former vice president of the Company, resigned due to changes in his work commitments on May 26, 2016 and Mr. Shu served as general manager of CGN Engineering before his resignation. Other than that, none of the senior management of the Company holds positions in CGNPC.

Corporate Governance Report

While maintaining our independent and complete business system and independent operating ability, we will continue to regulate our connected transactions and decrease potential competition to maximize shareholders' interests. For example, during the consideration of the Resolution on Consideration of Acquisition of Equity Interest in Guangxi Fangchenggang Nuclear Power Co., Ltd. and Relevant Companies by CGN Power Co., Ltd. and the Guarantee Arrangement and the Resolution on Consideration of Entering into the Framework Agreements and Supplemental Agreements Related to Continuing Connected Transactions of the Company and the Annual Caps for Transactions on the fourth interim meeting of the first session of the Board of the Company, due to the constitution of connected transactions between the Company and the controlling shareholders, CGNPC, as a result of such agreements, our Directors Zhang Shanming and Shi Bing (as the representative directors of the controlling shareholder) abstained from voting on this resolution.

Particulars of Horizontal Competition

We entered into a custodian management framework agreement with CGNPC on April 28, 2014, pursuant to which the Group will provide certain custodian services and exercise rights or powers over the custodian target companies.

In 2015, we entered into supplementary agreements with CGNPC for two times, incorporating into our scope of custody services, CGN Huizhou Nuclear Power Co., Ltd. (中廣核惠州核電有限公司) ("**Huizhou Nuclear Power**"), CGN Cangnan Nuclear Power Co., Ltd. (中廣核蒼南核電有限公司) ("**Cangnan Nuclear Power**") and CGN Ocean Power Co., Ltd. (中廣核海洋能源有限公司) ("**Ocean Power**").

On March 14, 2016, the Group made further amendment to the Custodian Management Framework Agreement with CGNPC, which specified the custodian's right and responsibility in the operation management of the company under custody and the major operation matters of the company under custody required to be reported to the trustor for decision, and expanded the scope of custody to CGN Hebei Thermal Power Co., Ltd. (中廣核河北熱電有限公司) ("**Hebei Thermal Power**"). Given the relevant adjustment to the scope of custody and the scope of operation management, the maximum amount of custody fee also increased to RMB15 million for the three financial years from 2016 to 2018 after the amendment to the agreement.

As of 31 December 2016, the target companies under custody included: Xianning Nuclear Power Co., Ltd. (咸寧核電有限公司) ("**Xianning Nuclear**"), Hubei Nuclear Power Co., Ltd. (湖北核電有限公司), Huizhou Nuclear Power, Cangnan Nuclear Power, Ocean Power and Hebei Thermal Power.

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

As of the date of this Annual Report, pursuant to the non-competition deed, in addition to the acquisition of Taishan Nuclear project by the Company pursuant to the executed relevant agreements, the Company also completed the acquisition of 61% equity interest of Fangchengang Nuclear, 100% equity interest of Lufeng Nuclear and 100% equity interest of CGN Engineering from CGNPC in 2016, details of which were set out in the announcements dated September 26, 2016, November 16, 2016 and November 30, 2016 and the circular dated September 29, 2016. In addition, CGNPC has sent a notification to the Company regarding the new business opportunity, which is a nuclear power station construction project located in the UK (the "**UK Project**"), three independent non-executive Directors of the Company have decided in writing that the Company will not participate in the investment in UK Project. Please refer to the announcement dated March 1, 2016 for details. The independent non-executive Directors will closely monitor the performance of CGNPC under the non-competition deed and the management of the Company will report to the Board on the relevant matters as and when appropriate. CGNPC confirmed that no default of non-competition deed has been found during this reporting period.

Shareholders

Shareholders' Rights

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

- receiving dividends and other kinds of profit distribution in proportion to their respective shareholding;
- attending or appointing proxies to attend and voting at general meetings;
- supervising the Company's operating activities and making suggestions or inquiries;
- transferring shares in accordance with the laws, administrative regulations and the Articles of Association;
- requesting for the relevant information of the Company in accordance with the laws, administrative regulations and the Articles of Association.

Corporate Governance Report

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.

We are 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. We also firmly believe in the importance of timely and adequate disclosure of the Company's information to shareholders and investors for making informed investment decisions. For the policies and methods of communication with shareholders and investors please refer to the section "Shareholders' Value". In order to facilitate effective communication, the Company has adopted the Shareholders Communication Policies for the purpose of establishing mutual relationship and communication between us and the shareholders, and a website has been set up (www.cgnp.com.cn) to 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 AGM 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 AGM and reply to questions raised by shareholders. The external auditors 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.

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 EGM. The relevant request may be proposed in writing to the Board requesting the Board to convene an EGM to deal with the matters specified in the request. The relevant EGM 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 of December 31, 2015	As of December 31, 2016
Total number of registered shareholders	4,213	**4,116**
Registered shareholders of H shares	4,210	**4,113**

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
	Guangdong Hengjian Investment Holdings Co., Ltd. ("**Hengjian Investment**")	3,428,512,500	7.54
	China National Nuclear Corporation	1,679,971,125	3.70
H shares	CLP Nuclear Power Company Limited	142,434,000	0.31
	National Council for Social for Security Fund ("**NSSF**")	1,033,893,409	2.27
	Shareholders of other issued and sold H shares	9,987,297,591	21.98

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

Corporate Governance Report

General Meetings

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

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

- where the number of Directors is less than the number stipulated in the Company Law of the PRC 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) is 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 item 3 above shall be calculated on the basis of the number of shares held as of the date of written request from the shareholders.

In 2016, we held one general meeting and one EGM, both of which were held in Hong Kong, to ensure that the H shareholders can attend the general meetings conveniently. In particular, approximately 300 shareholders or their authorised proxies attended the 2015 AGM, representing 37.9 billion shares which accounted for 83.43% of the total number of shares. Approximately 200 shareholders or their authorised proxies attended the 2016 EGM, representing 38.4 billion shares which accounted for 84.49% of the total number of shares. All resolutions were passed on such two general meetings.

The resolutions considered and passed at 2015 AGM:

by Ordinary Resolution:

- Report of the Board of Directors for the year 2015
- Report of the Supervisory Committee for the year 2015
- 2015 Annual report
- Audited financial report for the year 2015
- Profit distribution plan for the year 2015
- Investment plan and capital expenditure budget for the year 2016
- Re-appointment of auditors for the year 2016
- Remuneration of Directors and Supervisors for the year 2016

by Special Resolution:

- Registration and Issuance of ultra-short-term debentures in the PRC
- Amendments to the Procedural Rules of Board of Directors
- Amendments to the Articles of Association
- The grant of a general mandate to issue shares

The resolutions considered and passed at the 2016 EGM include:

by Ordinary Resolution:

- Major and connected transaction in relation to the Acquisition of the target interests from CGN
- Continuing connected transactions in relation to the general services, engineering services and nuclear fuel supply and services framework agreements

by Special Resolution:

- Issuance of medium and long-term debentures
- Extension of the authorization period for the issue of short-term debentures

We are serious about the organization and convening of each general meeting. All Directors attended the AGM, with the presence of witnessing lawyer(s). The Chairman and the executive directors attended the AGM and replied to questions raised by shareholders. The external auditors of the Company also attended the AGM and the EGM, replied to questions about audit practices, preparation and contents of the auditors' report, accounting policies and independence of auditors. The independent financial advisor engaged by the Company also attended the 2016 EGM. The 2016 AGM is expected to be held in May 2017.

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 nonexecutive 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.

Corporate Governance Report

As of 31 Decemeber, 2016, the Board comprises Zhang Shanming (張善明) (Chairman of the Board and non-executive Director), Gao Ligang (高立剛) (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). Zhang Weiqing (張焯清), a former non-executive Director, has resigned due to retirement on July 22, 2016. Thus, currently there are 8 Directors, which will not affect the normal operation of the Board. The Directors of the Company have extensive experience in management in the power industry, financial and accounting management, legal, auditing and other fields, respectively. The Directors are fully aware of their responsibilities, rights and obligations, and will perform their duties with truthfulness, integrity and diligence. In order to improve the decision making body and its scientificity and raise the quality of substantial decisions, the Board has established four specialized Committees, namely the Audit and Risk Management Committee, Remuneration Committee, Nomination Committee and Nuclear Safety Committee according to the Hong Kong Stock Exchange Code and the characteristics of the Company's industry and the Board has delegated the responsibilities to these specialized Committees as set out in their respective terms of reference. The chairmen of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee are independent non-executive Directors. The Nuclear Safety Committee is chaired by our chairman Zhang Shanming. The Board has at all times complied with the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules for the year 2016 that at least three independent non-executive Directors have been appointed. Among them, at least one independent non-executive Director must have appropriate professional qualification or professional knowledge of accounting or professional knowledge related to financial management.

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

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

Please refer to "Board of Directors, Supervisory Committee and Senior Management" set out on page 90 of this Annual Report for the biographical details of all Directors. Except for those disclosed in the section, none of other information relating to the relationship between Director and Supervisor and other Directors, Supervisors and senior management shall be disclosed according to the Hong Kong Stock Exchange Code.

The Board has set up the Procedural Rules of Board of Directors, which specify the terms of reference of the Board and procedures for the Board meetings, etc., and also set out special arrangements for voting on resolutions regarding major connected transactions and contracts. Directors shall not vote on any contract, transaction, arrangement or proposal in which he/she or any of his/her associates is materially interested, nor shall his/her be counted in the quorum. Where the number of the Directors who can vote on this matter is less than three, such issue shall be submitted to a general meeting for voting. In addition, the independent non-executive Directors shall provide independent opinions in accordance with laws and regulations and the Listing Rules. The Company will strictly review each resolution proposed at the Board meetings to find out whether there is any conflict of interest that requires Directors to abstain from voting and remind all Directors for confirmation before meetings. For example, for the consideration of the Resolution on the Approval of Tranfer of Nigang Road Property and Execution of Relevent Agreement by the Joint Venture (《關於批准合營公司轉讓泥崗路房產和簽署相關協議的議案》) on the twelfth meeting of the first session of the Board, due to the constitution of one-off connected transaction between the Company and the controlling shareholders, CGNPC, as a result of such agreement, Directors, Zhang Shanming, Zhang Weiqing and Shi Bing (as the representative directors of the controlling shareholder) abstained from voting on this resolution.

Duties of the Board

As the operating decision-making body of the Company, the Board performs its duties in accordance with the provisions set out in the Articles of Association. The Board is responsible for overall leadership of the Group, supervision on the Group's strategic decisions and supervision on business and performance. The Board reports its work to the general meeting, implements the resolutions resolved at the general meeting and is accountable 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 guideline of the Company;
- developing working targets of the management;
- evaluating the performance of the management;
- ensuring the Company to implement a prudent and effective regulatory framework to evaluate and manage risks;
- performing the function of corporate governance for the Company or arrange one or more committees to perform related duties;
- authorizing dedicated committees to perform the specific responsibilities in accordance with the Procedural Rules of Board of Directors and the terms of reference of the Board Committees.

The main corporate governance duties of the Board include:

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

Corporate Governance Report

Delegation by the Board

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

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

Board Committees

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

Audit and Risk Management Committee

Please refer to the "Report of Audit and Risk Management Committee" set out on page 140 of this Annual Report for details of the Audit and Risk Management 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 143 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 2016.

Nomination Committee

Please refer to the "Report of Nomination Committee" set out on page 146 of this Annual Report for details of the Nomination Committee, including its composition, duties and responsibilities and annual work summary.

Nuclear Safety Committee

Please refer to the "Report of Nuclear Safety Committee" set out on page 148 of this Annual Report for details of the Nuclear Safety Committee, including its composition, duties and responsibilities and annual work summary.

Particulars of Board Meetings

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

During the reporting period, we convened a total of 8 Board meetings (5 regular board meetings and 3 interim 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	Eleventh meeting of the first session of the Board of Directors	January 6, 2016	Physical
2	Twelfth meeting of the first session of the Board of Directors	March 14, 2016	Physical
3	Thirteenth meeting of the first session of the Board of Directors	May 26, 2016	Physical
4	Third interim meeting of the first session of the Board of Directors	July 22, 2016	By circulation
5	Fourteenth meeting of the first session of the Board of Directors	August 24, 2016	Physical
6	Fourth interim meeting of the first session of the Board of Directors	September 25, 2016	Physical
7	Fifteenth meeting of the first session of the Board of Directors	November 15, 2016	Physical
8	Fifth interim meeting of the first session of the Board of Directors	November 30, 2016	By circulation

All resolutions proposed at above meetings were approved. Save for the resolutions passed at above general meetings, major resolutions considered and approved by the Board during this Reporting Period also include:

- Resolution on Approval of 2016 Operational Plan of the Company
- Resolution on Approval of 2016 Internal Audit Plan of the Company
- Resolution on Approval of 2016 Comprehensive Risk Management Report of the Company
- Resolution on Approval of Amendment to the Custodian Framework Agreement by the Company
- Resolution on Approval of 2015 Internal Control Assessment Report of CGN Power Co., Ltd.
- Resolution on Approval of 2015 Comprehensive Risk Management and Supervision Assessment Report of CGN Power Co., Ltd.
- Resolution on Approval of Transfer of Nigang Road Property and Execution of Relevant Agreement by the Joint Venture

- Resolution on Approval of the 2016 Remuneration Plan for the Chief Financial Officer and Other Senior Management of CGN Power Co., Ltd.
- Resolution on Approval of the 2015 Performance Assessment Result and the 2016 Performance Assessment of the President of the Company
- Resolution on Approval of the 2015 Performance Assessment Result and the 2016 Performance Assessment of Chief Financial Officer and Other Senior Management
- Resolution on Approval of Renewal of Directors' Liabilities Insurance of the Company
- Resolution on Appointment of Board Secretary and Company Secretary of the Company
- Resolution on Approval of Issue of 2015 Environmental, Social and Governance Report of the Company
- Resolution on Approval of Authorizing the Executive Directors to Confirm the Purchase and Sale of the Company's Securities by the Chairman
- Resolution on Approval of Authorizing the Chairman to Handle the Matters Related to "Trading Halt, Suspension and Resumption" of the H Shares of the Company with Full Power
- Resolution on Approval of Transfer of 17% Equity Interest in Yangjiang Nuclear Power Co., Ltd. Through Public Tender
- Resolution on Approval of Execution of the Tranfer Agreement of 17% Equity Interest in Yangjiang Nuclear Power Co., Ltd.
- Resolution on Approval of Increase of Registered Capital of Taishan Nuclear Power Joint Venture 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.

		Attendance/Frequency of Meetings					
Name	Position	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Nuclear Safety Committee	General Meeting
Zhang Shanming	Chairman of the Board and Non-executive Director Member of the Nomination Committee Chairman of the Nuclear Safety Committee	8/8			2/2	2/2	2/2
Gao Ligang	Executive Director and President Member of the Nuclear Safety Committee	7/8[a]				1/2[g]	2/2
Zhang Weiqing	Non-executive Director	2/3[b]					1/1
Shi Bing	Non-executive Director	7/8[c]					2/2
Xiao Xue	Non-executive Director Member of the Remuneration Committee Member of the Nuclear Safety Committee	7/8[d]		1/1		1/2[h]	1/2[i]
Zhuo Yuyun	Non-executive Director Member of the Audit and Risk Management Committee Member of the Nuclear Safety Committee	7/8[e]	4/5[f]			2/2	2/2
Na Xizhi	Independent non-executive Director Chairman of the Nomination Committee Member of the Audit and Risk Management Committee Member of the Nuclear Safety Committee	8/8	5/5		2/2	2/2	2/2
Hu Yiguang	Independent non-executive Director Chairman of the Remuneration Committee Member of the Nomination Committee	8/8		1/1	2/2		2/2
Francis Siu Wai Keung	Independent non-executive Director Chairman of the Audit and Risk Management Committee Member of the Remuneration Committee	8/8	5/5	1/1			2/2

Corporate Governance Report

(a) Gao Ligang, a Director, failed to attend the eleventh meeting of the first session of the Board due to other business engagement. He delegated in writing to Zhang Shanming, a Director, to attend and vote at such meeting on his behalf.
(b) Zhang Weiqing, a Director, reached the age of retirement on July 22, 2016, and three board meetings and the AGM were held during his term of office. He failed to attend the eleventh meeting of the first session of the Board due to other business engagement. He delegated in writing to Shi Bing, a Director, to attend and vote at such meeting on his behalf.
(c) Shi Bing, a Director, failed to attend the fourteenth meeting of the first session of the Board due to other business engagement. He delegated in writing to Gao Ligang, a Director, to attend and vote at such meeting on his behalf.
(d) Xiao Xue, a Director, failed to attend the fourteenth meeting of the first session of the Board and the fourth meeting of the EGM due to other business engagement. He delegated in writing to Zhuo Yuyun, a Director, to attend and vote at such meeting on his behalf.
(e) Zhuo Yuyun, a Director, failed to attend the fifteenth 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.
(f) Zhuo Yuyun, a Director, failed to attend the thirteenth meeting of the Audit and Risk Management Committee due to other business engagement. He delegated in writing to Na Xishi, a Director, to attend and vote at such meeting on his behalf.
(g) Gao Ligang, a Director, failed to attend the third meeting of the Nuclear Safety Committee due to other business engagement.
(h) Xiao Xue, a Director, failed to attend the fourth meeting of the Nuclear Safety Committee due to other business engagement.
(i) Xiao Xue, a Director, failed to attend the 2016 EGM 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 monthly provide the Directors with a monthly management report, which sets out the particulars such as achievements of our operating indicators, safety and environmental management, production and operation, project construction, as well as the progress of our major operational events. Since 2016, we have added financial information of the Company and industry information in the monthly management report. 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, 2016, the current Directors have received the following trainings in relation to the roles, functions and duties of directors of listed companies.

	Trainings received		
Director	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	√	√	√

Note: Mr. Zhang Weiqing, a non-executive Director, has resigned due to retirement on July 22, 2016.

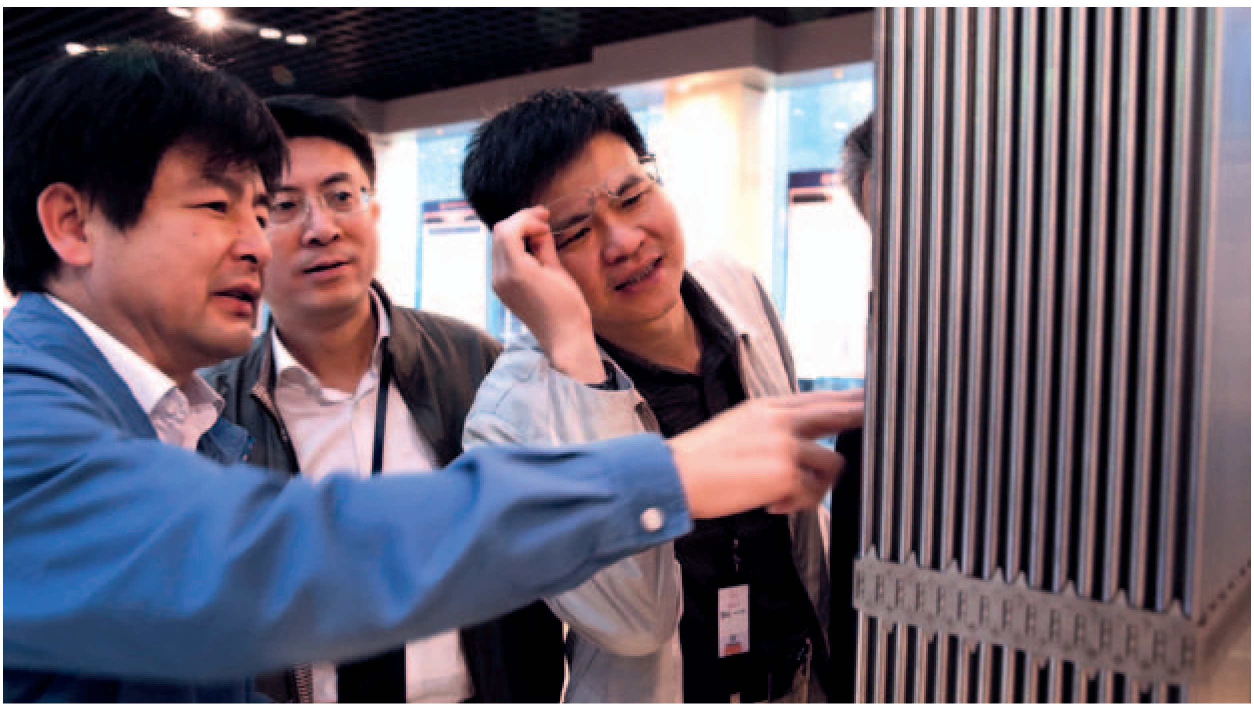
Reading Materials	Materials include Company Management Monthly Report (a total of 12 issues) and Company Comprehensive Risk Management Quarterly Report (a total of 4 issues).

Special Trainings — The Company has organized two special trainings for Directors in 2016, including:

- On August 24, 2016, the seminar of "the Management and Procedure System of CGN's Nuclear Power Plants" given by senior lecturer in the field of nuclear power operation training.
- On November 15, 2016, the seminar of "2017 Marco Economy Outlook" held by China International Capital Corporation Limited and the training of "Relevant Amendment to the Hong Kong Stock Exchange Listing Rules" held by King & Wood Mallesons.

On-site Inspections — In 2016, the Directors of the Company participated in 4 inspections related to nuclear power plants, including:

- On January 4, 2016, the Directors conducted on-site inspections in Huaneng Haifeng Power Plant.
- From April 21 to 23, 2016, the Directors conducted on-site inspections in CGN Uranium Resources Co., Ltd. ("**CGN Uranium**") and CNNC Jianzhong Nuclear Fuel Co., Ltd ("**CNNC Jianzhong**").
- On May 26, 2016, the Directors conducted on-site inspections in CGN Design Institute.
- From September 5 to 8, 2016, the Directors conducted on-site inspections in CNNC 404 Co., Ltd. and CNNC Lanzhou Uranium Enrichment Co., Ltd.



In April 2016, Directors of the Company conducted on-site inspections in CNNC Jianzhong Nuclear Fuel Co., Ltd.

Corporate Governance Report

Appointment and Re-election of Directors

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

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

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

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

- The nominator of a candidate for independent non-executive Director shall seek consent of the nominee, has sufficient understanding on the occupation, academic qualifications, job qualification, detailed working experience and all part-time jobs of the nominee, and is responsible to provide written materials of the same to the Company before making the nomination. The candidate shall give a written undertaking to the Company agreeing to be nominated, to undertake the truthfulness and completeness of his particulars disclosed and to warrant the performance of a Director's duties after being elected.

- The nominator of an independent non-executive Director shall give his opinion on the qualification and independence of the nominee to act as an independent non-executive Director. The nominee shall make a public announcement as to the absence of any connection between the Company and him/her which would affect his/her independent and objective judgment.

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

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

- The nominator of a candidate for Director shall seek consent of the nominee, has sufficient understanding of the occupation, academic qualifications, job qualification, detailed working experience and all part-time jobs of the nominee, and is responsible to provide written materials of the same to the Company before making the nomination. The candidate shall give a written undertaking to the Company agreeing to be nominated, to undertake the truthfulness and completeness of his/her particulars disclosed and to warrant the performance of a Director's duties after being elected.

- If the nomination of candidates for Directors is made before the convening of a Board meeting or a meeting of the Supervisory Committee of the Company, the written materials relating to the nominee referred to in the above-mentioned first sub-paragraph shall be announced together with the resolution of the Board meeting or Supervisory Committee meeting or the notice of the general meeting.

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

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

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

All executive Directors, non-executive Directors and independent non-executive Directors have entered into service contracts with the Company for a term of three years. As the first session of the Board of the Company were elected on March 24, 2014, the tenure of the first session of the Board will expire on March 23, 2017 according to the Articles of Association, and the candidates for Directors of the second session of the Board of the Company will be proposed to the 2016 AGM for election. The Directors of the first session of the Board will continue to perform their duties before the second session of the Board of the Company are elected.

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. All Directors have signed the confirmation for disclosure of interests by Directors, Supervisors and Senior Management on both board meetings for annual and interim results. Directors shall notify the Company in writing of any changes in their personal information on a timely basis in order for the Company to timely report the same to the Hong Kong Stock Exchange and the Hong Kong Companies Registry within the prescribed period.

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

Directors' Interest

As recorded in the register required to be kept pursuant to Section 352 of Part XV of the Hong Kong "Securities and Futures Ordinance", none of the Directors held any shares of the Company or any of the Company's associated corporations as of December 31, 2016.

Corporate Governance Report

Model Code for Securities Transactions

The Company has adopted the Code for Securities Transactions by Directors and Specific Persons, the provisions of which are not less stringent than the Model Code contained in Appendix 10 to the Listing Rules. After specific enquiries have been made on all Directors, the Directors, Supervisors and senior management have confirmed that they have complied with the Code for Securities Transactions by Directors and Specific Persons for the year 2016.

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 AGM 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, 2016 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

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

The statement made by the auditors of the Company on their reporting responsibilities in respect of the Company's consolidated financial statements is contained in "Independent Auditor's Report" of this Annual Report on page 162.

Supervisory Committee

Please refer to the "Report of Supervisory Committee" as set out in this Annual Report on Page 149 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. Wei Qiyan as a joint company secretary. Mr. Wei is also the Board secretary of the Company. Pursuant to the requirements under the Listing Rules, we have also engaged Ms. Mok Ming Wai from KCS Hong Kong Limited as the joint company secretary to provide assistance to Mr. Wei in conducting his work. The Company secretaries also play essential roles in supporting the Chairman, Board and Board Committees by ensuring on time and precise information flow, so the Board policies, procedures and decisions are followed. The company secretaries have the right to advise on the corporate governance matters and assist Directors to familiarize with the affairs of the Company and acquire professional development.

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

According to Rule 3.29 of the Listing Rules, the then joint company secretaries of the Company, Mr. Wei and Ms. Mok, had taken no less than 15 hours of relevant professional training during the financial year ended December 31, 2016.

Mr. Wei Qiyuan was awarded the "Best Board Secretary for Listed Companies" in the Sixth Golden Bauhinia Award.

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.

Corporate Governance Report

The Company has formulated the Management Regulations on Non-compliance with Disciplines and Rules by Staff and the Listing Company's Code of Conduct and has amended the Management Regulations on Non-compliance with Disciplines and Rules by Staff in 2016, for dealing with incidents of a breach of regulations and discipline. Meanwhile, the Company has issued the Implementation Rules of the Eight Requirements of the Central Committee, which must be strictly complied by all of the management and staff. In addition, we have formulated the comprehensive supervision management measures and the disciplinary supervision management measures, facilitated the establishment of an all-round comprehensive supervision and management system, created supervision collaboration and enhanced the effectiveness of supervision. In 2016, the Company found 12 breaches of discipline and regulations. The disciplinary actions carried out included warnings, demerits, demotions (reduction in rank), dismissals, etc. Such cases concerning non-compliance with discipline and regulations did not have significant impact on our financial statements and the overall operation. 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, 2016.

The principles and details of the remuneration of senior management officers are set out in the "Remuneration Committee Report" on page 144 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 69 of this Annual Report. During 2016, the Company has regularly organized senior management officers to participate in a series of trainings including the "News Spokesman" and the "Relevant Amendment to the Hong Kong Stock Exchange Listing Rules", and the Company's management and staff have participated in the online learning and mobile learning of the "Information Disclosure Training".

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 48 auditing staff with professional qualifications (such as senior auditors, internal auditors with international certifications, PRC certified public accountants and members of the Association of Chartered Certified Accountants in UK).

Duties of the audit department include:

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

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

During 2016, 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.

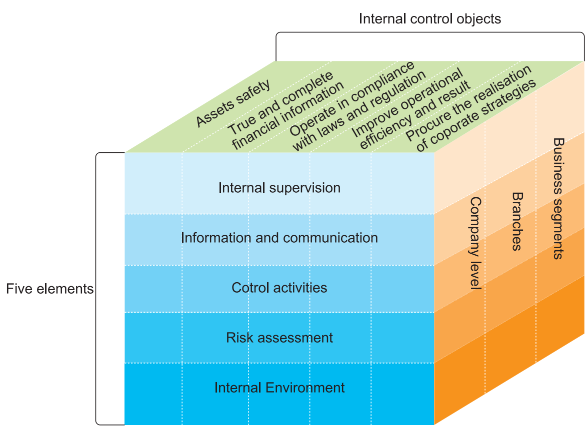
External Auditors

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, 2016 prepared in accordance with IFRS and China Accounting Standards. Deloitte Touche Tohmatsu has audited the Company's 2016 consolidated financial statements prepared in accordance with IFRS by the Company. The auditing expenses for the Group in 2016 were RMB6.83 million and the international and domestic auditors of the Company did not provide non-auditing services.

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 and Risk Management Committee oversee the internal control systems of the Company and monitor the effectiveness of initiatives and internal control measures taken by the management. The management is responsible for the design, implementation and improvement of the internal control measures.

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

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

The Company analyzes the internal environment of business organizations and operations, identifies risks and carries out rating of risks and develops specific control measures against risks of high rating in accordance with the Basic Standards of Internal Control for Enterprises (《企業內部控制基本規範》) 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.

Corporate Governance Report

Key Elements of Internal Control	Initiatives
Internal Environment	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	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	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 things, separation of incompatible duties, authority approval, accounting system control, property protection, budgets, operation analyses and evaluation
Information and Communication	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	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 Corporate Governance Code of CGN Power (《中國廣核電力股份有限公司企業管治守則》), we have prepared the Internal Control Assessment Proposal for 2016 of the Company (the "**Internal Control Assessment Proposal**"), which clearly provides the evaluation covers the full 2016 financial year, and determines the major units, businesses and matters to be included in the scope of evaluation as well as high-risk areas based on the risk-oriented principle. The Internal Control Assessment Proposal was approved by the Audit and Risk Management Committee of the Board in August 2016.

The Board shall be responsible for the internal control system of the Group, and has completed the review on the effectiveness of the operation of internal control system of the Group in 2016. 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 13 subsidiaries, which covered all business segments and major business areas of the Company; as of December 31, 2016, the aggregate net assets and operating revenue of the aforesaid companies represented approximately 73.8% and 82.5% of the net assets and operating revenue of all the companies of the Group, respectively. None of those subsidiaries which were not included in this evaluation had business or matters which would materially affect the Company's operation and management. Each of those entities which are included in the relevant evaluation shall, based on its own business characteristics and key points of management, follow the principles of comprehensiveness and importance to incorporate key business areas and major business processes into the scope of evaluation. Overall speaking, high-risk areas that need to be focused on mainly include, among others things, security management, engineering projects, financing activities, etc. 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, 2016) 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.

Corporate Governance Report

Monitoring inside information

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

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

In 2016, we carried out trainings on information disclosure through various ways such as face-to-face training, video communication, internet learning and mobile learning, covering almost 90% of the staff. We have also conducted random inspection on the implementation of relevant systems and procedures information disclosure and found no non-compliance.

Conclusion

As of December 31, 2016, the Company has adopted the principles of the Corporate Governance Code contained in Appendix 14 to the Listing Rules, complied with all applicable code provisions, and continuously reviewed and improved the Hong Kong Stock Exchange Code with reference to the amendment consultation summary and good practices issued by the Hong Kong Stock Exchange in respect of the review on and amendment to the provisions related to internal control set out in the Corporate Governance Code and the Corporate Governance Report, to ensure that business activities and decision making processes are regulated in a prudent manner. Good corporate governance are critical to creating value for our shareholders. The Company will closely study the development of corporate governance practices among the world's leading corporations, changes in the relevant regulatory requirements and the requirements of the investors on an ongoing basis and review and enhance the corporate governance measures and practices regularly so as to ensure the long-term sustainable development of the Company.

Directors' Report

Operations

Principal Activities

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

Consolidated Financial Statements

For the Group's consolidated financial statements for the financial year ended December 31, 2016, please refer to page 168 to 317.

Five-Year Financial Highlights

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

Earnings and Dividends

The details about the earnings of the Group for the year are set out in the "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on page 168.

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

Business Review and Performance

For the analysis of business performance and its impact factors in 2016, please refer to the "Finance, Assets and Investment" from page 18 to 31 and the "Business Performance and Analysis" from page 34 to 53.

For the major risks and uncertain factors faced by the Group, please refer to the "Risk Management Report" of this Annual Report from page 153 to 159.

The business outlook of the Group is discussed in different parts of this Annual Report, including the "President's Review" from page 9 to 12, the "Business Performance and Analysis" from page 34 to 53, and the "Risk Management Report" from page 153 to 159.

The relationships between the Group and its connected persons of major business are set out in the "Directors' Report" of "Corporate Governance" of this Annual Report from page 130 to 132.

In addition, environment-related performances and policies of the Group are set out in the part of "Environment Capital" of this Annual Report. Charity-related performances and policies of the Group are set out in the part of "Social and Relationship Capital" of this Annual Report. The discussion on compliance status of relevant laws and regulations that would have a materially impact on the Group is set out in the "President's Review" from page 9 to 12, the "Business Performance and Analysis" from page 34 to 53, the "Corporate Governance Report" from page 97 to 124, and the "Report of Supervisory Committee" from page 149 to 152.

Since January 1, 2017, the Group obtained the control over Ningde Nuclear and incorporated it into the combined financial statements. Ningde Nuclear changed from the joint venture of the Group to the subsidiary of the Group. Details are set out in "Events subsequent to the Reporting Period" on page 132 of the annual report.

Save for the above subsequent events, there is no event that had a significant impact on the Group's operation, financial and trading prospects from January 1, 2017 to the date of this Annual Report.

The above discussions form part of the Directors' Report.

Assets

Property, Plant and Equipment

Additions to property, plant and equipment of the Group for the year amounted to a total of RMB21,857.4 million. In 2015, a total amount of RMB23,044.9 million (restated) was added to property, plant and equipment. Details of changes in properties, plant and equipment of the Group are set out in Note 15 to the Consolidated Financial Statements.

Bank Borrowings and Other Borrowings

The total borrowings of the Group as of December 31, 2016 amounted to RMB170,494.5 million (2015: RMB159,522.9 million (restated)). Details of borrowings are set out in Notes 35, 36 and 37 to the Consolidated Financial Statements.

Finance Costs Capitalized

Finance costs amounting to RMB3,973.1 million (2015: 5,332.4 million (restated)) were capitalized by the Group during the year, the details are as set out in Note 9 to the Consolidated Financial Statements.

Major Subsidiaries

For the details the Company's major subsidiaries, please refer to Note 50 to the Consolidated Financial Statements and the "Business at a glance for the year" on page 4.

Share Capital

Issuance and Listing of Securities

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

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

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

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

During the year ended December 31, 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

Equity-Linked Agreements

During the year ended December 31, 2016, neither the Company nor any of its subsidiaries have entered into equity-linked agreements.

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

	December 31, 2015	Increase/ (decrease) due to changes during the reporting period	December 31, 2016
Domestic Shares	34,285,125,000	0	**34,285,125,000**
H Shares	11,163,625,000	0	**11,163,625,000**
Total number (Shares)	45,448,750,000	0	**45,448,750,000**

Corporate Governance

The Company's corporate governance principles and practices are set out in the "Corporate Governance Report" of this Annual Report on page 97.

Directors

The current 8 Directors of the Company have served as Directors for the whole year. Mr. Zhang Weiqing reached the age of retirement and resigned as the non-executive Director of the Company, with effect from July 22, 2016. Their biographical details are set out in "Board of Directors, Supervisors and senior management" on page 90 of this Annual Report. Details of Directors' remuneration are set out in "Report of Remuneration Committee" of this Annual Report on page 145.

Supervisors

The current Supervisors of the Company have served as Supervisors for the whole year. Brief biographical details of the current supervisors are set out in "Board of Directors, Supervisory Committee and Senior Management" on page 93 of this Annual Report. Details of Supervisors' remuneration are set out in "Report of Remuneration Committee" of this Annual Report on page 145.

Senior Management

Mr. Fang Chunfa, the Board secretary, tendered his resignation as a joint company secretary and Board secretary of the Company for the reason of job reallocation, with effect from March 16, 2016. Ms. Yung Mei Yee also tendered her resignation as a joint company secretary, an authorised representative and an agent for acceptance of services of process in Hong Kong of the Company for personal reasons, with effect from March 16, 2016.

The Company's twelfth meeting of the first session of the Board approved to appoint Mr. Wei Qiyan as a joint company secretary and Board secretary of the Company, with effect from March 16, 2016; and appoint Ms. Mok Ming Wai as a joint company secretary, an authorised representative and an agent for acceptance of services of process in Hong Kong of the Company, with effect from March 16, 2016.

Mr. Shu Guogang, our vice president, applied to resign from his positions as a vice president of the Company due to the job reallocation, and the application was approved by the thirteenth meeting of the first session of the Board of the Company, with effect from May 26, 2016.

Mr. Yue Linkang, our chief financial officer, reached the age of retirement and resigned as the chief financial officer of the Company, and the application was approved in the third interim meeting of the first session of the Board of the Company, with effect from July 22, 2016.

The brief biographical details of the senior management are set out in "Board of Directors, Supervisory Committee and senior management" on page 95 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 145.

Directors' Report

Interests

Interests of Directors, Supervisors and Chief Executive Officers

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 Officers has any interests/short positions in the shares, relevant shares and debentures of the Company and its associated corporations as of December 31, 2016.

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 Officers of the Company) in the shares and relevant shares of the Company as of December 31, 2016, are set out in the following table.

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

The Company had been notified of the following shareholders interests in the shares (other than pursuant to equity derivatives such as share options, call warrants or convertible bonds) of the Company as of December 31, 2016:

Shareholders	Capacity as holder of shares of the Company Held	Number and Class of the Shares	Approximate % of the Relevant Shares 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	1,033,893,409 H Shares	9.26%	2.27%
GIC Private Limited	Interest of controlled corporation	589,932,000 H Shares	5.28%	1.30%

Interests of Other Persons

As of December 31, 2016, 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 133, none of the Company or any of its subsidiaries entered into material contracts with the controlling shareholder or any of its subsidiaries other than the Group, nor was there any material contract between the Group and the controlling shareholder or any of its subsidiaries other than the Group in relation to provision of services.

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

The details of material contracts entered into between the Company and controlling shareholder or its subsidiaries have been disclosed in "Connected Transaction" in this Annual Report on page 133.

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

For the year ended December 31, 2016, none of the Company or its any subsidiaries entered into any material transactions, arrangements or contracts which the Directors and Supervisors or the entities connected with Directors and Supervisors of the Company had material interests, either directly or indirectly.

Directors' Interests in Competing Businesses

For the year ended December 31, 2016, 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. Gao Ligang	executive Director	chairman of the board of GNS
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

Note: Mr. Zhang Weiqing reached the age of retirement and resigned as the non-executive Director of the Company on July 22, 2016.

Non-competition Undertakings

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

CGNPC confirms that it has complied with the above undertakings during the year. For the details of material contracts which provided services to the Group by CGNPC, please refer to "Connected Transactions" on page 133 in this Annual Report.

Pre-emptive Rights

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

Distributable Reserves

As of December 31, 2016, our reserves available for distribution to our equity holders amounted to approximately RMB10,237.2 million (representing retained earnings of RMB10,237.2 million).

Management Contracts

For the year ended December 31, 2016, except for service contracts entered into with the Directors and the Supervisors, the Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business of the Company nor any such contract subsisted.

Major Customers and Suppliers

Major Customers

Most of our revenue comes from the sales of electricity generated by nuclear power stations in which we have controlling interest. During the year, our total revenue to the top five customers accounted for 95.3% of the Group's total revenue. Below is the information of the top five customers in descending order:

China Southern Power Grid Co., Ltd. ("**CSG**") (representing 69.8% of our total revenue): The Group did not hold any interest in this company. CSG is a company under the State-owned Assets Supervision and Administration Commission of the State Council. It is engaged in the investment, construction and operation management of the power grid in South China, operation of relevant power transmission and distribution, power dispatch control, operation and maintenance of the power grid. Under a long-term agreement, we sold the electricity generated by the nuclear power stations in Daya Bay, Ling'ao, Lingdong, Yangjiang and Fangchenggang to Guangdong Power Grid Co., Ltd. and Guangxi Power Grid Co., Ltd. under the CSG.

Hong Kong Nuclear Investment Co., Ltd. ("**HKNIC**") (representing 15.7% of our total revenue): This company is a subsidiary of CLP Holdings Ltd., holding 25% equity interest in Guangdong Nuclear Power Joint Venture Co., Ltd. It is a connected person of the Group. Under a long-term agreement, we sold some of the electricity generated by the Daya Nuclear Power Station to HKNIC.

Liaoning Hongyanhe Nuclear Power Co., Ltd. ("**Hongyanhe Nuclear**") (representing 5.4% of our total revenue): Hongyanhe Nuclear is an associate of the Group, and is responsible for the investment, construction and operation of Liaoning Hongyanhe Nuclear Power Station. We offer nuclear station construction and design, training, repairing, technical research and professional support to Hongyanhe Nuclear.

Fujian Ningde Nuclear Power Co., Ltd. ("**Ningde Nuclear**") (representing 3.9% of our total revenue): Ningde Nuclear is a joint venture of the Group, and is responsible for the investment, construction and operation of Ningde Nuclear Phase 1. We offer nuclear station construction and design, training, repairing, technical research and professional support to Ningde Nuclear.

Xianning Nuclear (representing 0.5% of our total revenue): Xianning Nuclear is a nuclear power preliminary project managed by the Group as entrusted by CGNPC, and is responsible for the investment, construction and operation of Xianning Nuclear Power Station. We offer engineering and training services, including engineering, training, technical research and professional support to Xianning Nuclear.

Major Suppliers

Our major suppliers include providers of nuclear fuel and related services, project construction and technical support. During the year, our purchases from the top five suppliers accounted for 23.7% of the Group's sales and services costs (excluding depreciation). Below is the information of the top five suppliers in descending order:

China Nuclear Energy Industry Corporation ("**CNEIC**") (representing 10.2% of the Group's sales and services costs (excluding depreciation)): The Group did not hold any interest in this company. CNEIC mainly engages in the import and export trade of uranium products and nuclear power technology and equipment, such as providing technology and equipment and supplying fuel to the major nuclear power stations in China. We purchased enriched uranium used in producing nuclear fuel components from CNEIC under a nuclear fuel supply and service agreement signed with CGN Uranium.

CNNC Jianzhong (representing 5.9% of the Group's sales and services costs (excluding depreciation)): the Group did not hold any interest in this company. This company is a product base of nuclear fuel components using the condensation reflux technology in China. We purchased enriched uranium used in producing nuclear fuel components from CNFCC under a nuclear fuel supply and service agreement signed with CGN Uranium.

CGN Services Group (representing 3.2% of the Group's sales and services costs (excluding depreciation)) is a connected person of the Group. CGN Services Group mainly offers food and beverage, logistics, electrical and mechanical services as well as water operation and maintenance to us.

CGN Uranium (representing 2.9% of the Group's sales and services costs (excluding depreciation)) is a connected person of the Group. CGN Uranium's major business is to supply full-cycle nuclear fuel and technical support to nuclear power stations. We purchase nuclear fuel and related services through CGN Uranium.

China Nuclear Industry Maintenance Co., Ltd. ("**CNIMC**") (representing 1.5% of the Group's sales and services costs (excluding depreciation)): The Group did not hold any interest in this company. CNIMC is a professional company specialized in the maintenance of nuclear power stations and nuclear projects. It mainly provides services such as major maintenance, daily repair, engineering and technical support to us.

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

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

Exchange Rate

For the year ended December 31, 2016, the Group faced no major difficulties or impacts regarding its operations or capital flow due to the fluctuation of foreign exchange rate. For the risk of exchange rate fluctuations of the Company, we have been adhering to the principle of prudence, conducting timely debt hedging and risk prevention arrangements to reduce the impact of financial market volatility on the Company's operating costs, expected earnings and cash flow. For the risk management of exchange rate volatility, please refer to the section of "Financial Capital" on page 77 in this Annual Report.

Events after the Reporting Period

In December 2016, CGN Ninghe Investment, a subsidiary of the Company, entered into a Concert Party Agreement with Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司), pursuant to which, Datang International Power generation Co., Ltd. agreed to act in concert with CGN Ninghe Investment for decisions on the relevant issues at the shareholders' and board meetings of Ningde Nuclear. The Group is able to lead the relevant activities of Ningde Nuclear.

The agreement remains valid within the duration period of Ningde Nuclear, with effect from January 1, 2017. Since January 1, 2017, the Group has obtained the control over Ningde Nuclear, which has been incorporated in combined financial statements. Ningde Nuclear was also changed from the Group's joint venture company to a subsidiary of the Group.

Connected Transactions

In 2016, we followed a principle of fairness, justice, bona fide and competitive preference in the course of our transactions with suppliers. For business with an open market, we adopted competitive procurement by continuing to require connected persons to provide us with the relevant materials, products and services through the bidding procedures for standardizing connected transactions. In the actual course of business, we signed one-off connected transaction agreements and continuing connected transaction agreements with connected persons, which constitute major connected transactions of the Group in 2016, after taking into consideration our partnership established with connected persons, familiarity with their respective businesses as well as the factors such as service quality, price and work efficiency.

One-off Connected Transaction

Due to that: (1) CGNPC owns 64.20% equity interest in the Group; (2) HKNIC (a wholly-owned subsidiary of CLP Holdings Ltd.) and CLP Nuclear Power Operations & Management (China) Limited (中電核電運營管理(中國)有限公司) hold 25% equity in Guangdong Nuclear Power Joint Venture Co., Ltd. (廣東核電合營有限公司) (a subsidiary of the Company) and 12.5% equity interest in DNMC (a subsidiary of the Company) respectively; (3) EDF International (a wholly-owned subsidiary of EDF) and its subsidiary EDF (China) Holding Ltd., hold 30% equity interest in Taishan Nuclear (a subsidiary of the Company), under Rules 14A.07 (1) and (4) of the Listing Rules, CGNPC and its associates, CLP Holdings Ltd., and its associates, and EDF and its associates are our connected persons. The following transactions constitutes one-off connected transactions between the Group and its connected persons.

1. Disposal of property

The property located at Nigang West Road, Shenzhen, Guangdong Province, is owned by GNPJVC, comprising a complex block and an office building. To recover capital funds, economize human resources and enable GNPJVC to focus on its main business. On March 14, 2016, GNPJVC entered into the Property Transfer Agreement with CGN Services Group to transfer the Nigang Road Property owned by it, and the amount generated from the property disposal will be used for its working capital.

Pursuant to the Property Transfer Agreement, the consideration for the Nigang Road property contemplated to be transferred was RMB116,582,200 and a transfer gain of approximately RMB64,846,000 was realized. This property transfer was completd.

2. The acquisition of CGN's equity interests in Fangchenggang Nuclear, Lufeng Nuclear and CGN Engineering from CGN

Please refer to page 4 of the "Business at a glance for the year" in this annual report for details of Fangchenggang Nuclear, Lufeng Nuclear and CGN Engineering. To reduce competition with CGN Group and expand the business of the Company, on September 25, 2016, the Company exercised the Acquisition Right in respect of the Target Interests, and our Company entered into the Share Transfer Agreement with CGN. Pursuant to the Share Transfer Agreement, CGN agreed to sell, and our Company agreed to acquire 61% equity interest in Fangchenggang Nuclear, 100% equity interest in Lufeng Nuclear and 100% equity interest in CGN Engineering.

Pursuant to the Share Transfer Agreement, the total consideration for acquiring the Target Interests is approximately RMB9,920.50 million (subject to the adjustment as described in the Share Transfer Agreement). Such agreement was approved at the general meeting in November 16, 2016 and the transaction was completed in November 30, 2016. Fangchenggang Nuclear, Lufeng Nuclear and CGN Engineering have become subsidiaries of the Company as their assets, liabilities and the financial results were consolidated into the consolidated financial statements of our Company.

3. Capital increase into Taishan Nuclear

Please refer to page 4 of the "Business at a glance for the year" in this annual report for details of Taishan Nuclear. To enhance its financing ability so as to meet its fund requirements for engineering construction, on November 15, 2016, the Company, GNIC and Taishan Investment with other existing shareholders of Taishan Nuclear (EDF International and its subsidiary, EDF (China) Holding Ltd.) decided to inject capital into Taishan Nuclear in cash in proportion to their respective shareholdings.

Pursuant to capital increase into Taishan Nuclear, the Group will pay an aggregate amount of RMB2.94 billion (an aggregate amount of RMB2.142 billion in proportion to beneficial ownership) out of its own fund and the payment was not made as of December 31, 2016. The Company will still directly and indirectly hold an aggregate of 51% beneficial ownership of Taishan Nuclear. The capital increase will have no significant effect on the financial conditions of the Company.

4. Disposal of 17% equity interest in Yangjiang Nuclear

Please refer to page 4 of the "Business at a glance for the year" in this annual report for details of Yangjiang Nuclear. In accordance with the business positioning and development strategy of the Group, and to improve the Group's capability of market expansion, learn and introduce the developed experience and advanced concepts of the new shareholders, on November 30, 2016, the Group entered into the Equity Transfer Agreement with CLP Nuclear Power (Yangjiang) Limited (中電核電 (陽江) 有限公司) to dispose its 17% equity interest (comprising 12% equity interest directly held by the Company and 5% equity interest held by GNIC) in Yangjiang Nuclear to CLP Nuclear Power (Yangjiang) Limited. Upon the completion of the disposal, Yangjiang Nuclear remained as our subsidiary. As of December 31, 2016, the equity transfer agreement was not effective and the equity transfer was not completed.

According to the public tender results, the transfer price for the equity disposal was RMB5 billion, which will be used for the repayment of the debts of the Group, replenishing its liquidity or the investments in and construction of projects.

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 2016, the continuing connected transactions had been carried out as follows:

Nature of Transacton	Annual Cap for 2016 (RMB'000)	Actual Transaction Amount for 2016 (RMB'000)
General Services Framework Agreement (1)	Amount to be paid to the CGN Group:	
	1,613,480.00	1,362,391.38
	Amount to be received from the CGN Group:	
	95,956.00	78,074.41
Technical Support and Maintenance Services Framework Agreement (2)	Amount to be paid to the CGN Group:	
	964,308.00	937,610.66
	Amount to be received from the CGN Group:	
	476,742.00	39,517.26
Engineering Services Framework Agreement (3)	Amount to be paid to the CGN Group:	
	1,434,465.00	385,236.87
Financial Services Framework Agreement (4)	Amount to be paid to the CGN Group in relation to settlement, entrustment loans and other financial services:	
	18,000.00	7,913.50
	Maximum daily balance of deposits placed by our Group with the CGN Group and interest income:	
	23,544,000.00	14,038,484.85
	Maximum daily balance of loans provided by the CGN Group to our Group:	
	30,406,000.00	16,926,300.44
Nuclear Fuel Supply and Services Framework Agreement (5)	Amount to be paid to the CGN Group:	
	4,793,025.00	1,934,939.44
Final Project Support and Supply of Technology Agreement with EDF (6)	Amount to be paid to the EDF:	
	28,000.00	23,074.93
Electricity Supply Arrangement under the Joint Venture Contract (7)	Electricity volume sold to HKNIC:	
	12,834.00GWh	11,620.86GWh

(1) It was entered into on November 21, 2014 on normal commercial terms, renewed on September 25, 2016, and would be valid until December 31, 2018, pursuant to which the Group and CGN Group will provide general services to each other. Pursuant to the 2014 General Services Framework Agreement, in 2016, the annual cap of total amount payable to the CGN Group by the Group was RMB871,000,000.00, and the annual cap of total amount receivable from the CGN Group by the Group was RMB205,000,000.00 respectively. The annual cap was renewed by the general services framework agreement renewed in 2016. Please refer to the above table for relevant data.

(2) It was entered into on November 21, 2014 on normal commercial terms, renewed on September 25, 2016, and would be valid until December 31, 2018, pursuant to which the Group and CGN Group will provide technical support and maintenance services to each other. Pursuant to the 2014 Technical Support and Maintenance Services Framework Agreement, in 2016, the annual cap of total amount payable to the CGN Group by the Group was RMB331,000,000.00, and the annual cap of total amount receivable from the CGN Group by the Group was RMB769,800,000.00 respectively. The annual cap was renewed by the technical support and maintenance services framework agreement renewed in 2016. Please refer to the above table for relevant data.

(3) It was entered into on November 21, 2014 on normal commercial terms and the supplemental agreement to the 2014 Engineering Services Framework Agreement was entered into on September 25, 2016, which would be valid until December 31, 2019, pursuant to which the Group will provide engineering services to CGN Group. Pursuant to the 2014 Engineering Services Framework Agreement, in 2016, the annual cap of total amount payable to the CGN Group by the Group was RMB9,076,000,000.00. The annual cap was renewed by the supplementary agreement of engineering services framework agreement signed in 2016. Please refer to the above table for relevant data.

CGN Engineering and its subsidiaries have been providing engineering services to the Group in accordance with the 2014 Engineering Services Framework Agreement in its ordinary and usual course of business since its establishment. After the acquisition of 100% equity interests in CGN Engineering from CGN by the Company, CGN Engineering became the subsidiary of the Company, the transactions between CGN Engineering and its subsidiaries and the Group will no longer constitute continuing connected transactions. Following the completion of the Acquisition, the Group will provide engineering services to CGN Group through CGN Engineering and its subsidiaries, and CGN Group will no longer provide any engineering services to the Group.

(4) It was entered into on November 21, 2014 on normal commercial terms, renewed on March 18, 2015, and would be valid until December 9, 2018, 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 the supplemental agreement to the 2014 Nuclear Fuel Supply and Services Framework Agreement was entered into on September 25, 2016, and would be valid until December 31, 2023, pursuant to which CGN Group will provide us with nuclear fuel supplies and services. Pursuant to the 2014 Nuclear Fuel Supply and Services Framework Agreement, in 2016, the annual cap of total amount payable to the CGN Group by the Group was RMB3,715,000,000.00. The annual cap was updated by the supplementary agreement of nuclear fuel supply and services framework agreement signed in 2016. Please refer to the above table for relevant data.

(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.

(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 the Group will sell electricity to HKNIC, and the electricity volume sold will be the annual cap and the unit will be GWh.

In addition to the above continuing connected transactions, our continuing connected transactions during 2016 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 a series of internal control measures. In 2016, we amended the related transaction processes of the connected transactions to ensure the standardized management of the connected transactions in the light of past experience in the management of connected transactions. During the execution of the connected transaction, we have strictly complied with the Connected Transaction Management System of CGN Power Co., Ltd. (中國廣核電力股份有限公司關連交易管理制度》) and Connected Transaction Management Process of CGN Power Co., Ltd. (中國廣核電力股份有限公司關連交易管理流程》), standardize the pricing principle and method, manage the assignment of responsibility, decision making authority and disclosures for connected transactions. For example, both connected directors and shareholders abstained from voting and exercising the voting rights on behalf of other directors in the process of voting on 2016 framework agreements on continuing connected transactions such as the general services in 2016 at a Board meeting and general meeting.

In 2016, we continued our quarterly review on the management of connected transactions within the Company and make corrections promptly on the problems found during review. The Company formulated an optimization plan on internal control and achieved a more effective governance on significant connected transactions in 2016 in order to carry out management of connected transactions more actively and add value for the Company's value management. In addition, in 2016, we continued to organize trainings and exchanges for our main subsidiaries and main connected persons and strengthened the communication with new management personnel of connected transactions in our subsidiaries.

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

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

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

- the relevant continuing connected transactions have been approved by the Board;
- the relevant continuing connected transactions that there would be any transactions involving the provision of goods and services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in any material respects, in accordance with the pricing policies of the Group;
- the relevant continuing connected transactions transactions were conducted pursuant to the relevant framework agreements governing those transactions;
- the relevant continuing connected transactions did not exceed their respective annual caps applicable to such transactions.

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

Related Party Transactions

Details of the significant related party transactions carried out in the normal course of business are set out in note 47 to the Consolidated Financial Statements. Save as the connected transactions disclosed above, none of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules.

Permitted Indemnity Provisions

At no time during the year ended December 31, 2016 and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors and Supervisors (whether made by the Company or otherwise) or an associated company (if made by the Company).

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

Auditors

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

Remuneration Policy

For details of the Company's remuneration policy please refer to the section headed "Human Capital" on Page 73 and the section headed "Report of Remuneration Committee" on Page 144.

Remuneration of Directors and Five Individuals with the Highest Remuneration

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

Employee Retirement Plan

For details of the Company's employee retirement benefits, please refer to the section headed "Report of Remuneration Committee" on Page 145.

Charitable Donations

For the year ended December 31, 2016, the Group made charitable and other donations in a total amount of RMB5.535 million.

By order of the Board
Zhang Shanming
Chairman

March 15, 2017

Report of Audit and Risk Management Committee

Composition

The Audit and Risk Management Committee was appointed by the Board, comprising three members, being Francis Siu Wai Keung (蕭偉強) (the chairman of the Audit and Risk Management 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 90.

On March 14, 2016, to strengthen risk control, the Board approved the Audit Committee to be renamed as Audit and Risk Management Committee pursuant to the regulatory requirements of the Hong Kong Stock Exchange.

The Board has delegated to the Audit and Risk Management 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 and Risk Management Committee of CGN Power Co., Ltd. and set out on the websites of the Company and the Stock Exchange.

Meetings of the Audit and Risk Management 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 and Risk Management Committee may, if needed, engage relevant professional institutions and listen to experts' advice from professional institutions before making decisions and recommendations to the Board.

Duties and Responsibilities

- To provide advice on the appointment, reappointment, removal and remuneration of the independent auditors;
- To review and monitor the independence and objectivity of the independent auditors as well as the effectiveness of the audit process in accordance with the applicable standards, and discuss the nature and scope of the audit with the independent auditors before the audit commences;
- To formulate and implement policies on engaging external auditors to provide non-audit services according to work needs. The Committee shall report to the Board identifying and making recommendations on any matters where action or improvement is needed;

- review the quarterly (if any), 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, major judgment areas, significant adjustments required by the independent auditors after auditing the accounts, the going concern assumptions and any qualifications, compliance with accounting standards and the relevant legal requirements;

- To consider any significant or unusual items which are reflected or required to be reflected in the reports and accounts of the Company, and give due consideration to any matters raised by the Company's accounting and finance department, compliance department or auditors;

- To discuss the review of the half-year accounts and audit of the Company by the independent auditors;

- To review the independent auditors' explanatory notes of inspection or management proposal letter (including any material queries raised by the independent auditors regarding the accounting records, financial accounts or monitoring system), and the responses to queries from the from management officers of the Company;

- To communicate with the Board, senior management officers and the independent auditors in respect of the Company's financial reports on a regular basis, at least two meetings must be convened each year with the independent auditors of the Company;

- To be responsible for any important communication between internal auditors and external auditors;

- To review the Company's financial policies, internal audit system, internal control system and risk management system;

- The Audit and Risk Management 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, risk management 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.

Report of Audit and Risk Management Committee

Annual Work Summary

- On January 5, 2016, the Audit Committee convened an on-site meeting to consider the Comprehensive Risk Management Report of the Company for 2016 (《公司2016年度全面風險管理報告》), the Work Plan of the Audit Committee for 2016 (《審計委員會2016年度工作計劃》), the Internal Audit Work Plan of the Company for 2016 (《公司2016年度內部審計工作計劃》), and to review the Report on the Progress of the Internal Audit Work of the Company (《公司內部審計工作情況報告》). All members of the Audit Committee expressed their independent opinions on the aforesaid, approved the Work Plan of the Audit Committee for 2016 (《審計委員會2016年度工作計劃》), and agreed unanimously to submit the Comprehensive Risk Management Report of the Company for 2016 (《公司2016年度全面風險管理報告》) to the Board for consideration and approval.
- On March 13, 2016, the Audit Committee convened an on-site meeting to consider the Financial Report of the Company for 2015 (《公司2015年度財務報告》), the Summary of External Audit Work for 2015 and the Proposal on Selection and Appointment of External Auditors for 2016 (《2015年度外部審計工作總結及2016年度外部審計機構聘選方案》), the Internal Audit Plan of the Company for 2016 (《公司2016年內部審計計劃》), the Internal Control Assessment Report of the Company for 2015 (《公司2015年內部控制評價報告》), the Risk Management, Supervision and Assessment Report of the Company for 2015 (《公司2015年風險管理監督評價報告》) and the Work Report of the Audit Committee for 2015 (《2015年度審計委員會工作報告》), and to review the Repot on Internal Audit Work of the Company for 2015 (《公司2015年內部審計工作報告》). All members of the Audit Committee expressed their independent opinions on the aforesaid, and agreed unanimously to submit the Internal Audit Plan of the Company for 2016 (《公司2016年內部審計計劃》), the Internal Control Assessment Report of the Company for 2015 (《公司2015年內部控制評價報告》), the Risk Management, Supervision and Assessment Report of the Company for 2015 (《公司2015年風險管理監督評價報告》), the Work Report of the Audit Committee for 2015 (《2015年度審計委員會工作報告》) to the Board for consideration and approval, and to submit the Financial Report for 2015 (《2015年度財務報告》) and the Proposal on Selection and Appointment of External Auditors for 2015 (《2015年度外部審計機構聘選方案》) to the Board for consideration and then to the general meeting for approval.
- On May 25, 2016, the Audit and Risk Management Committee convened an on-site meeting to review the Report on the Progress of the Internal Audit Work of the Company (《公司內部審計工作情況報告》). All members of the Audit Committee expressed their independent opinions on the aforesaid, and carried out discussion on the matters including the internal audit work progress.
- On August 22, 2016, the Audit and Risk Management Committee convened an on-site meeting to review the Risk Management Assessment Proposal of the Company for 2016 (《公司2016年風險管理評價方案》), to consider the Internal Control Evaluation Proposal of the Company for 2016 (公司2016年內部控制評價方案》), the Interim Financial Report of the Company for 2016 (《公司2016年中期財務報告》), the Interim Report of the Company for 2016 (《公司2016年中期報告》) and the Interim Results Announcement of the Company for 2016 (《公司2016年中期業績公告》). All members of the Audit Committee expressed their independent opinions on the aforesaid, and approved the Internal Control Assessment Proposal of the Company for 2016 (《公司2016年內部控制評價方案》), and agreed unanimously to submit the Interim Financial Report of the Company for 2016 (《公司2016年中期財務報告》), the Interim Report of the Company for 2016 (《公司2016年中期報告》) and the Interim Results Announcement of the Company for 2016 (《公司2016年中期業績公告》) to the Board for consideration and approval.
- On November 14, 2016, the Audit and Risk Management Committee convened an on-site meeting to review the Proposal Final Accounts Audit Work of the Company for 2016 (《公司2016年財務決算審計工作方案》), the Report on the Progress of the Internal Audit Work (《內部審計工作情況報告》) and the Report on the Progress of Internal Control and Risk Management Assessment of the Company for 2016 (《公司2016年度內部控制及風險管理評價進展情況報告》). All members of the Audit Committee expressed their independent opinions, and carried out discussion on the matters under review.

Audit and Risk Management Committee
Francis Siu Wai Keung
Chairman
March 15, 2017

Report of Remuneration Committee

Composition

The members of Remuneration Committee were 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 90.

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

Duties and Responsibilities

- To study the remuneration policy, structure and procedures for formulating remuneration policies of remuneration (including benefits in kind, pensions and compensation payments) for Directors, Supervisors and senior management officers and make recommendation to the Board. The procedures for formulating remuneration policies shall be formal and transparent;

- To consider and make recommendation on the appraisals of Directors, Supervisors and senior management officers;

- To review and approve performance-based remuneration proposals for management officers with reference to corporate goals and objectives set by the Board;

- To approve with authority delegated by the Board or make recommendations to the Board on the remuneration and benefits of the individual executive Directors and senior management;

- To make recommendations to the Board on the remuneration of non-executive Directors;

- To consider the level of salaries paid by comparable companies, time commitment and responsibilities of the relevant individual, and other positions held by such individual in the Company when determining the remuneration and benefits for Directors, Supervisors and senior management;

- To supervise the implementation of the remuneration system for Directors, Supervisors and senior management officers of the Company;

- To review and approve the compensation arrangements for Directors, Supervisors and senior management officers for any loss or termination of office and dismissal due to misconduct;

- To ensure that none of the Directors or any of his/her associates will be involved in deciding on his/her own remuneration.

Report of Remuneration Committee

Annual Work Summary for the Year

- On March 13, 2016, the Remuneration Committee convened an on-site meeting to consider the "2015 Report on the Work of the Remuneration Committee of the Board" (《關於董事會薪酬委員會2015年工作情況的報告》), "Resolution on Considering the 2015 Performance Appraisal Results and the 2016 Performance Appraisal Plan for the President of the Company" (《關於審議公司總裁2015年度績效考核結果和2016年績效考核方案的議案》), "Resolution on Considering the 2015 Performance Appraisal Results and the 2016 Performance Appraisal Plan for the Senior Management Including the Chief Financial Officer of the Company" (《關於審議公司財務總監等高級管理人員2015年度績效考核結果和2016 年度績效考核方案的議案》), "Resolution on Considering the 2016 Remuneration Plan for Senior Management Including the Chief Financial Officer of the Company" (《關於審議公司2016年度財務總監等高級管理人員薪酬方案的議案》) and "Resolution on Considering the 2016 Remuneration Plan for Directors and Supervisors of the Company" (《關於審議公司2016年度董事和監事酬金方案的議案》). Members expressed independent opinions and agreed unanimously to submit the items to the Board for consideration and approval.

Remuneration for Directors, Supervisors and Senior Management Officers

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

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

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

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

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

The remunerations for Directors, Supervisors and Senior Management officers for 2016 in total are as follows.

The sum of remunerations for Directors, Supervisors and senior management officers in 2016 are set out below. 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 in 2016 please refer to Notes 14 to the consolidated financial statements.

	Fees RMB'000	Salaries, other allowances and discretionary bonus RMB'000	Pension scheme* contributions RMB'000	Total RMB'000
Directors	1,579	781	81	2,441
Supervisors#	300	4,467	223	4,990
Senior management officers#	—	6,340	279	6,619

Remuneration data include the settlement of operation performance appraisal bonus for the three years from 2013 to 2015.

* Pension Scheme: The Company contribute a certain proportion of the salaries of all the staff for their basic pension insurance according to the national and local regulations on pensions, and the staff will collect their pension according 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. Other than this, the Company has no more responsibilities for the pension scheme of the staff.

The remuneration for senior management officers of the Company for 2016 is classified by remuneration bands (excluding the remuneration details of Mr. Gao Ligang, being executive Director and President, whose remuneration is set out in the Directors section of the table above. Changes of senior management officers are set out in Directors' Report on Page 127.) and the details are as follows:

Remuneration bands（RMB）	Persons
Not exceeding 1,000,000	3
1,000,001 to 1,500,000	1
1,500,001 to 2,000,000	—
2,000,001 to 2,500,000	—
2,500,001 to 3,000,000	—
3,000,001 to 3,500,000	—
3,500,001 to 4,000,000	1

Remuneration Committee
Hu Yiguang
Chairman
March 15, 2017

Report of Nomination Committee

Composition

Members of the Nomination Committee are nominated by the Board, and it comprises three members, namely Na Xizhi (the chairman of the Nomination Committee), Zhang Shanming (the Chairman and a non-executive Director) and Hu Yiguang (an independent non-executive Director). Two of the members are independent non-executive Directors and the remaining one is a non-executive Director. Their biographical details are set out in the "Board of Directors, Supervisory Committee and Senior Management" of this Annual Report on page 90.

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

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

Duties and Responsibilities

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

Annual Work Summary

- On February 25, 2016, the Nomination Committee convened a meeting in the form of written proposal to consider the Resolution on Approving the Recommendation of the Board Secretary of CGN Power Co., Ltd. (《關於同意推薦中國廣核電力股份有限公司董事會秘書的議案》). Members expressed independent opinions and agreed unanimously to recommend Mr. Wei Qiyan as the Board Secretary. The term of office commenced from the date of appointment by the Board to the conclusion date of the term of existing session of the Board.

- On December 15, 2016, the Nomination Committee convened an on-site meeting to review the structure and composition of the Board, the independence of independent non-executive Directors, and to consider the selection plan of new session of the Board. Members expressed independent opinions and agreed unanimously to proceed the selection of new session in accordance with the selection plan of new session of the Board.

Policy on Board Diversity

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

Pursuant to the Board Diversity Policy of CGN Power Co., Ltd., in December 2015, the Nomination Committee recommended to establish evaluation indicators of the Board based on structure of the Board and Directors' performance of duties and submitting the same to the Board for approval. In January 2016, the Board discussed and approved the Assessment Indicators for Board Diversity Policy of the Company (《董事會成員多元化政策評價指標》). In December 2016, the Nomination Committee reviewed the assessment indicators for board diversity policy of the company for 2016 and considered that the structure of the Board was reasonable. In accordance with the evaluation of assessment indicators on existing directors, the evaluation results of their performance of duties were satisfactory.

Nomination Committee
Na Xizhi
Chairman
March 15, 2017

Report of Nuclear Safety Committee

Composition

Members of the Nuclear Safety Committee were appointed by the Board. The Nuclear Safety comprises five members, being Zhang Shanming (the chairman of the Nuclear Safety Committee), Gao Ligang (an executive director), Xiao Xue (a non-executive director), Zhuo Yuyun (a non-executive director) and Na Xizhi (an independent non-executive director). Their biographical details are set out in the "Board of Directors, Supervisory Committee and Senior Management" of this Annual Report on page 90.

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

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

Duties and Responsibilities

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

Annual Work Summary

- On January 5, 2016, the Nuclear Safety Committee convened an on-site meeting to review the Periodic Special Report on Corporate Safety Management of the Company for 2015 (《核電股份公司2015年安全管理定期專項匯報》), the Special Report on Safety Culture Assessment and the Special Report on Operation Sector《運營領域專項匯報》. Such reports were fully discussed and a consensus was reached at the meeting.
- On August 24, 2016, the Nuclear Safety Committee convened an on-site meeting to review the Periodic Special Report on Corporate Safety Management of the Company (《核電股份公司安全管理定期專項匯報》), the Special Report on Quality Control and Improvement of Nuclear Power Projects (《核電工程品質管制改進專項匯報》) and the Report on WANO CPR AFI Execution Plan (《WANO CPR AFI執行方案匯報》). Such reports were fully discussed and a consensus was reached at the meeting.

Nuclear Safety Committee
Zhang Shangming
Chairman
March 15, 2017

Report of Supervisory Committee

Composition

The non-employee representative supervisors among the Supervisory Committee members shall be elected at the general meeting. The Supervisory Committee is composed of Mr. Pan Yinsheng (Chairman of the Supervisory Committee), Mr. Yang Lanhe (non-employee representative supervisor), Mr. Chen Rongzhen (non-employee representative supervisor), Mr. Cai Zihua (employee representative supervisor) and Mr. Wang Hongxin (employee representative supervisor). Biographical details of the current Supervisors are set out in the "Board of Directors, Supervisory Committee and Senior Management" of this Annual Report on page 93.

Meetings of the Supervisory Committee shall be held at least twice a year.

Duties and Responsibilities

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

Annual Work Summary for the Year

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

Report of Supervisory Committee

During 2016, the meetings convened by the Supervisory Committee are as follows:

Number	Meeting	Time	Method of Convening	Attendance/ Number of Supervisors
1	Eighth meeting of the first session of the Supervisory Committee	January 6, 2016	Physical	5/5
2	Ninth meeting of the first session of the Supervisory Committee	March 14, 2016	Physical	5/5
3	Tenth meeting of the first session of the Supervisory Committee	May 26, 2016	Physical	5/5
4	Eleventh meeting of the first session of the Supervisory Committee	August 24, 2016	Physical	4/5[(1)]
5	Twelfth meeting of the first session of the Supervisory Committee	November 15, 2016	Physical	5/5

(1) Wang Hongxin, a Supervisor, failed to attend the eleventh meeting of the Supervisory Committee due to other business engagement. He delegated in writing to Cai Zihua, a Supervisor, to attend and vote at such meeting on his behalf.

The Supervisor Committee reviews matters for the Board's regular meetings, of which, the Supervisor Committee reviewed the following contents, issued its opinions and formed resolutions pursuant to its responsibilities.

- To consider the Resolution on Considering the Report of the Supervisor Committee of the Company for 2015
- To consider the Resolution on the Financial Report of the Company for 2015
- To consider the Resolution on the Profit Distribution Plan of the Company for 2015
- To consider the Resolution on the Interim Financial Report of the Company for 2016

During 2016, the attendance of the Supervisors of the Company at the Board meetings are as follows:

Name	Position	Attendance at the Board meetings as observers/ Number of Meetings
Pan Yinsheng	Non-employee representative supervisor/ Chairman of the Supervisory Committee	5/5
Yang Lanhe	Non-employee representative supervisor	5/5
Chen Rongzhen	Non-employee representative supervisor	5/5
Cai Zihua	Employee representative supervisor	5/5
Wang Hongxin	Employee representative supervisor	4/5(1)

(1) Wang Hongxin, a Supervisor, failed to sit in the fourteenth meeting of the first session of the Board.

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

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

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

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

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

Report of Supervisory Committee

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

In accordance with the requirements of the relevant provisions of the Basic Standards of Internal Control for Enterprises (《企業內部控制基本規範》), upon adequate verification of the Company's internal control operation, the Supervisory Committee is of the view that the existing internal control system of the Company has complied with the currently applicable laws, regulations and regulatory requirements, and can exercise effective control over risks in all material respects; and that the Internal Control Assessment Report of the Company for 2016 (《公司2016年度內部控制評價報告》) has given an objective and true view of the establishment, operation, inspection and supervision of the internal control system of the Company.

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

Supervisory Committee
Pan Yinsheng
Chairman
March 15, 2017

Risk Management Report

Philosophy of Risk Management

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

At the strategic planning level, the company's overall risk management system is supervised by the Board. The Company focuses on the assessment of major risks relating to business development, so as to provide better support for the implementation of corporate strategic planning and business development.

At the daily operational level, the risk management promotes the full implementation of major policies to achieve management objectives, so as to protect the effectiveness of business management, lower the uncertainties in achieving business objectives, and ensure the Company is in compliance with the related rules and regulations.

Objectives, Strategies, System and Procedure of Risk Management

Objectives and Strategies of Risk Management

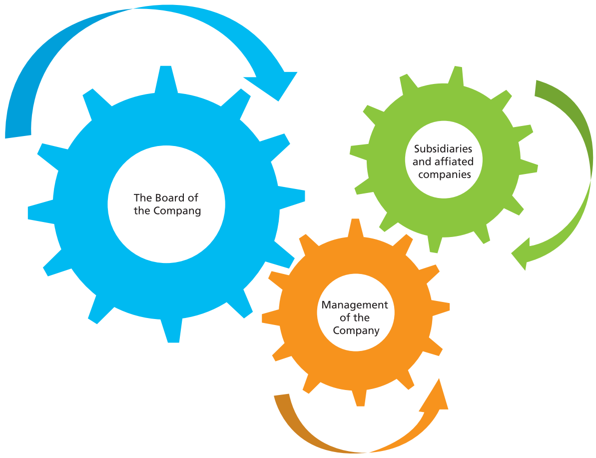
The risk tolerance of the Company refers to the level of risk that the Company is willing to undertake in order to achieve its own strategic and business objectives. The Board is responsible for the assessment of the risk in which the Company is willing to tolerate. The assessment is mainly based on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

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

Based on the above risk conditions, we assessed risks and rank their priorities, and require each business unit to identify the consequences and possibilities of risks, and take corresponding risk prevention strategies.

Risk Management Report

Risk Management Structure of the Company



<table>
<tr><td colspan="3">The Company's risk management system:
• promoting the full identification and delivery of risk information to support the Board's access to risk information;
• 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.</td></tr>
<tr><td>Decision-making and monitoring</td><td colspan="2">Board
• To consider annual risk management report, to supervise, assess and inspect the effectiveness of the operation of the Company's internal overall risk management system;
• To monitor the major risks for the year and fulfill the management responsibilities of major risks;
• To discuss risk management with the management, ensuring that management has fulfilled its obligation on the establishment of effective system;
• To discuss risk management and internal control system with the management, ensuring that management has fulfilled its obligation on the establishment of effective system;
• To study the significant or unusual matters reflected or to be reflected in the Company's report and accounts, and to make adequate reference to matters proposed by the Company's subordinate accounting and finance department, supervision department or auditors;
• To study the important findings of risk management and internal control matters and the relevant measures taken by the management.</td></tr>
<tr><td rowspan="2">Setting goals and solutions</td><td rowspan="2">Management of the Company</td><td>President
To continuously improve the risk management system;
To understand and know the significant risks to which the Company faces and their existing status, and to approve major risk management solutions of the Company;
To continuously supervise and evaluate the effectiveness of establishing and operating the Company's comprehensive risk management system.</td></tr>
<tr><td>Risk Management Department
To promote and facilitate the normal operation of the Company's comprehensive risk management and related risk management workflow;
To organize and coordinate the routine work of the comprehensive risk management;
To guide and supervise each unit to carry out comprehensive risk management;
To prepare the monthly risk monitoring reports, and the quarterly and annual risk assessment reports by the Company.</td></tr>
<tr><td>Execution and reporting</td><td colspan="2">Other departments, business units of the Company, its subsidiaries and affiliated companies:
• To be responsible for the comprehensive risk management duties within the unit's business operation;
• To manage the specific risks of the unit;
• To submit the unit's monthly risk monitoring reports;
• To organize the risk assessment of the unit according to the supervision of the Risk Management Department;
• To organize the investigation, assessment and analysis on the relevant risk incidents occurred in the unit before, during and after such incidents.</td></tr>
</table>

The Workflow of Risk Management

The Company's risk management procedures:	
• To input into the Company's social responsibility, economic operation and development prospects. • To refer to the risk management contents of IAEA-TECDOC-1209. • To refer to the risk management framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). • To make continuous improvement 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	• To identify significant risks which may affect the Company's business development during the Company's annual business planning. • To 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 disclose 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 Audit and Risk Management Committee and the Board for review.
Quarterly risk monitoring	• To identify the significant risks and formulate the quarterly risk monitoring reports, which will then be submitted to the Board for review.
Monthly risk monitoring	• The major business departments and major business units of the Company will prepare the monthly risk monitoring reports for their own units as the basis for risk information collection. • The Risk Management Department will track selectively on risks that reveal a tendency of negative changes in the current month, and request the relevant business department or business unit to handle in a timely manner. • The Risk Management Department will prepare a monthly risk monitoring report based on pre-screened and sorted key risk monitoring indicators and submit to the President and the Chairman for reporting the risk status of the current month.
Risk management during the business development process	• In the process of the Company's development, when business units conduct major investment, business units must identify significant risks and put forward corresponding countermeasures.

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

Risk Management Report

Key Risk Management Initiatives in 2016

We firmly adhered to the same concept on risk management, continued to improve risk management system, optimized the procedure of reporting risk information to senior management and the Board and continued to promote the implementation of risk management measures on each department of the Company through various effective management actions.

In 2016, the Company actively responded to internal and external challenges, strengthened internal researches, made responses actively and resolved the impact of internal and external uncertainties on the company's development in accordance with the national economic transformation, industrial structural adjustments and power market reform policies in a timely manner.

In 2016, we have identified the following major risks in the actual business development, and have taken corresponding measures:

Description of risks	Key changes	Key measures
Safe and stable operation of multiple bases		
As new units have continuously been put into commercial operation, simultaneous operation and management of multiple bases have brought us many challenges. As multiple bases, multiple units outages interacted and overlapped, resource coordination and control needs to be strengthened As part of our nuclear plant units have operated for more than 10 years, and it takes some time to inspect the new units, the assurance of reliability of equipment of multiple bases is also an issue we need to focus on.	↑ • In 2016, a total of 19 units are in operation, increased 5 units year-on-year.	• Continue to carry out re-education of safety on all staff. Carry out re-education activity of safety including the cultivation of work habit of respecting and following procedures; • Establish and implement a qualification certification system for the key positions, improving the technical skills of the operators; • Strengthen online safety supervision to ensure the safe operation of the units under operation.
↓ Lower than the risk level of last year	←→ Same as the risk level of last year	↑ Higher than the risk level of last year

Description of risks	Key changes	Key measures
Sales in power market		
The nuclear power plants under our operation and management were affected by the local economic development, local demand for electricity, power market reform and local power generation policies of the places in which they are located, posing challenges to the nuclear power bases in terms of sales of electricity.	• The changes in trading mechanism of electricity arising from the power market reform pose influence on electricity output and prices. • As the increase of electricity demand slowed down, power grids request the units to operate at lower efficiency levels during holidays, the heating provision periods in winter and flood seasons because of surplus electricity. • Government and power grid projects affect power transmission, lowering the efficiency levels of the units. • Power grids request the units to operate at lower efficiency levels due to typhoons.	• Establish a coordination mechanism with regional power plants which assumes responsibilities at different levels, pursue more planned output, follow up new electricity reform policies and situations (trading of power generation rights, direct power supply, etc.) and formulate response plans. • Formulate and implement corresponding solutions to lower and avoid the chances of deloading occurred during holidays. • Enhance marketing strength in the power market in most regions, so as to obtain a bigger market share. • Strength communication and coordination with local power grid, actively follow up the trend of power market reform.
Controls on projects under construction		
Safety and quality control, progress control and cost control of nuclear power projects under construction are the challenges faced by us.	• We managed nine nuclear power units under construction. • Fangchenggang Unit 4 has commenced construction on December 23, 2016. • After the units are synchronized, the limitations of power grids (including test windows, load levels, and on-grid permissions) will be more rigid, directly affecting the commissioning of the units.	• Continue to carry out nuclear safety education, and enhance the trainings for the Company's staff and contractors to avoid human errors, raising the workers' technical skills. • Quality is more important than schedule, and project construction targets were guaranteed by specialized optimization measures and construction cost control was continuously strengthened. • Implement investment control objectives of HPR 1000 demonstration project, strengthen the design, procurement and construction schedule control of HPR 1000 demonstration project.
Lower than the risk level of last year	Same as the risk level of last year	Higher than the risk level of last year

Risk Management Report

Description of risks	Key changes	Key measures
Financial risks		
Exchange rate: As RMB exchange rate fluctuated, the foreign currency debts of the Group affected the expected earnings and cash flow. Debts: The Company's investment volume continues to expand, adding greater pressure to the Company's gearing ratio resulting in increased debts and financing scale of us, to add greater pressure to the Company's repayment of principal and interest.	↑ • In 2016, the exchange rates of RMB against USD and RMB against EUR depreciated by 6.83% and 2.98%, respectively. • At present, the Company's gearing ratio slightly rose but remained at a controllable level. The units in commercial operation and income from electricity sales increase steadily and its cash and bank credit lines are also in good protection.	• The Company has taken effective measures to effectively reduce the impact of RMB exchange rate fluctuations by narrowing down the exposure of foreign currency debts with forward transactions, debt swap and early repayment. • On one hand, we meet long-term, stable capital needs of nuclear power project investment through establishment of syndicates and long-term bank loans. Set a reasonable loan term and repayment schedule to match the company's long-term cash flow, reduce the risk of refinancing, and ensure the security of our overall debt. On the other hand, we continue to optimize the debt structure and lower the financing costs through debt restructuring, directly issuing financing instruments.
↓ Lower than the risk level of last year	← → Same as the risk level of last year	↑ Higher than the risk level of last year

In 2016, the overall nuclear safety situations are under control according to our inspection on the conditions of nuclear power generating units in operation in 2016 and the overall situations are under control without material and adverse changes according to our inspection on the conditions of projects under construction in 2016. Through reviewing the completion status of power generation plans for 2016 as well as internal and external efforts, the completion rate of the power generation plans was well guaranteed.

Outlook for 2017 and Important Measures

In 2017, the Company will face more challenges. As China is going through economic transformation, sectoral structural adjustments, and deepening reforms in the power market, the external environment will be more complicated for the Company in 2017, which will bring about more uncertainties for sales of electricity of the Company.

In 2017, based on requirements of the Company's strategies and objectives for 2017, the Company will further promote its risk management optimization action, and further enhance the effectiveness of the Company's risk management, strengthen the risk management responsibility and effectively tackle the risks to meet the development needs of the Company.

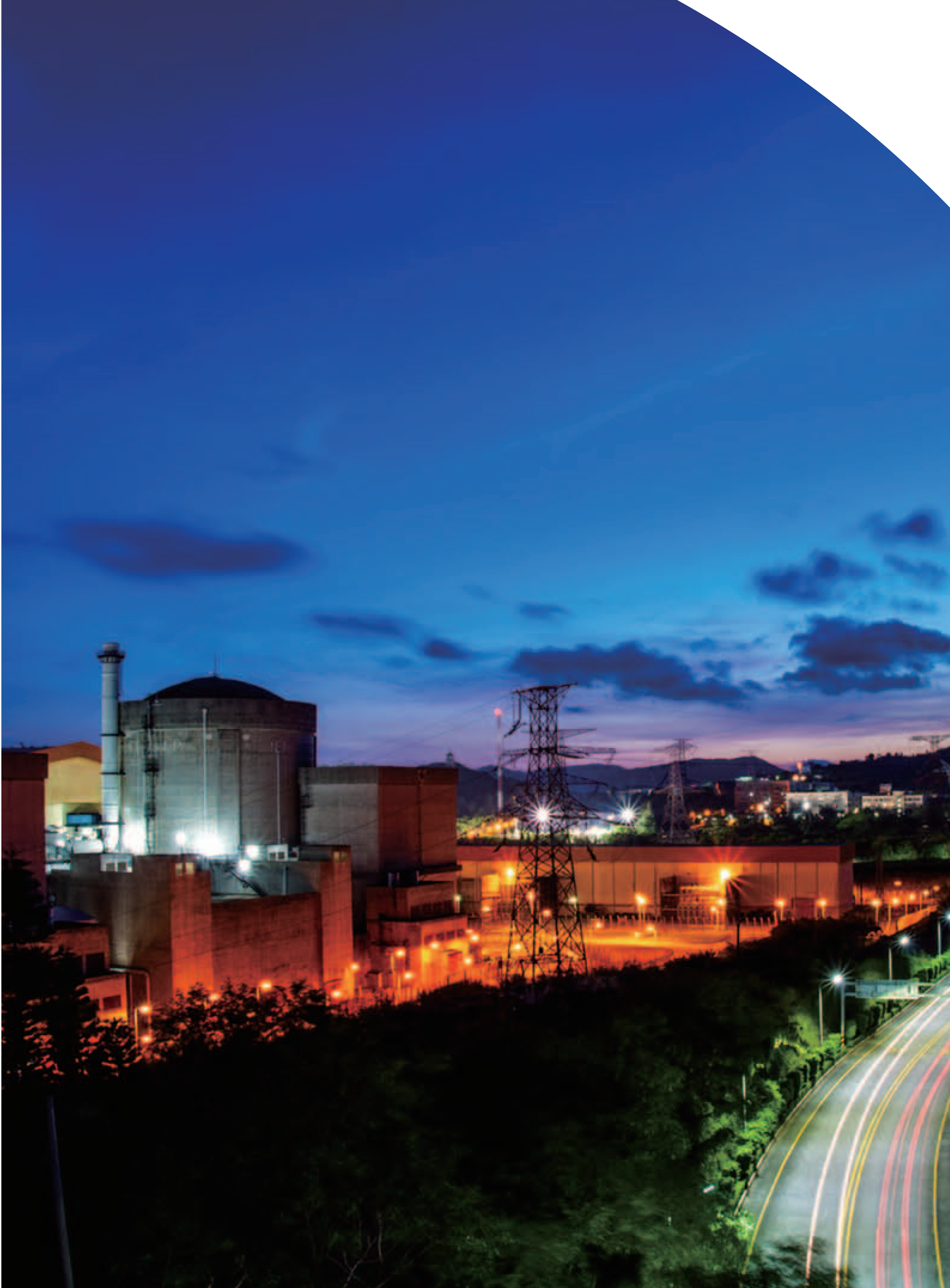
The overall objectives of the Company's risk management in 2017 are: operating in compliance with laws and regulations, avoiding or reducing losses, ensuring the preservation and appreciation of assets, achieving objectives of capital return and ensuring the steady development of the Company.

We will continue to strengthen risk management, fulfill risk management responsibilities and improve levels of risk monitoring through governance system, internal control functions and business departments, so as to reduce the impacts of significant risks on our business development. As such, we will:

- As for safe and stable operation of multiple bases
  - √ promote the implementation of actions of nuclear safety independent supervision and improvement plans at nuclear power stations in an orderly manner.
  - √ make full use of Nuclear Safety Supervision Center, WANO and other internal and external supervisions, and play an independent supervisory role.
  - √ continue to promote a sound nuclear safety culture, play the demonstration role of senior management, establish a long-term mechanism so as to carry out activities in the long run.
- As for sales in power market
  - √ pursue more quota for nuclear power plan.
  - √ actively participate in the power market by nuclear power units outside Guangdong province.
- As for controls on projects under construction
  - √ optimize the construction period through strengthening the management and allocation of resources in a reasonable manner.
  - √ Use plans after calculation with less investment considerations to guarantee construction periods.
  - √ enhance progress control on design solidification.

In the face of increasing uncertainties in the business environment, the Company will carry out efficient risk management as always, monitor risks continuously and rigorously for the realization of the Company's operation and strategic objectives.

Financial Report



Independent Auditor's Report

Deloitte. 德勤

To the Shareholders of 中國廣核電力股份有限公司 CGN Power Co., Ltd.
(incorporated in the Peoples' Republic of China with limited liability)

Opinion

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 (collectively referred to as "the Group") set out on pages 168 to 317, which comprise the consolidated statement of financial position as at December 31, 2016, 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 then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Provision for nuclear power plant decommissioning	
We identified the provision for nuclear power plant decommissioning as a key audit matter due to the significant management judgement and estimation required in determining the amount of the provision. As disclosed in note 39 to the consolidated financial statements, the carrying amount of provision for nuclear power plant decommissioning as at December 31, 2016 is approximately RMB2,278,307,000. The Group has incurred obligations to handle the decommissioning of the Group's nuclear power plants in accordance with the relevant regulatory requirements in The People's Republic of China (the "PRC") and the Group's policies. Management of the Group exercised their judgements to determine the timing of decommissioning, discount rate and the amount of future decommissioning expenditure to develop a decommissioning plan and cashflow projections to estimate the costs associated with these obligations. The amount of future decommissioning expenditure is estimated by reference to the decommissioning activities and actual cost incurred in shutting down a nuclear facility in other jurisdictions with adjustments for factors such as labour cost in the PRC, complexity of the technology to be applied, and the most recent developments in regulations in the PRC environment.	Our procedures in relation to the provision for nuclear power plant decommissioning included: • Obtaining an understanding of the management's process in developing the decommissioning plan, including meeting with the internal experts specialized in nuclear power plant decommissioning work to assess their scope and research; • Evaluating the appropriateness of the management's decommissioning plan by challenging the assumptions including timing of decommissioning with reference to the relevant regulatory requirements, in particular, the decommissioning model required by National Energy Administration and the Group; • Assessing the reasonableness of projections of future decommissioning expenditure including staff costs, materials costs, transportation costs and cost for management and safe disposal of radioactive waste based on our knowledge of the business and industry; • Assessing the reasonableness of the discount rates used by the management based on our knowledge of the business and industry with reference to the current market risk-free rate of interest and the industry specific risk factors; and • Evaluating sensitivity analysis performed by the management around the key assumptions with the cash flows forecast using a range of higher discount rates and future decommissioning expenditure involved.

Key audit matter	How our audit addressed the key audit matter

Recognition of revenue and costs from construction contracts and design projects, amounts due from/to customers for contract work

We identified recognition of revenue and cost from construction contracts and design projects, amounts due from/to customers for contract work as a key audit matter due to the significant management judgement and estimation required in the determination of the budgeted profit of the project as well as the percentage of completion of construction works.

The Group recognized contract revenue and costs from construction contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works. As disclosed in notes 6 and 24 to the consolidated financial statements, the Group recognized revenue from construction contracts and design projects of RMB2,820,090,000 for the year ended December 31, 2016, and amounts due from customers for contract work of RMB5,300,838,000 and amounts due to customers for contract work of RMB855,926,000 as at December 31, 2016. Notwithstanding that the management reviewed and revised the estimates of both contract revenue and costs for the construction contracts and design projects as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be different from the estimation and this will have financial impact on revenue and profit recognized.

Our procedures in relation to recognition of revenue and costs from construction contracts and design projects, amounts due from/to customers for contract work included:

- Obtaining an understanding of the control over the preparation and approval of the cost budgets and the revision of estimates of both contract revenue and costs;
- Checking the accuracy of the amounts due from/to customers for contract work by agreeing the amount of progress billings;
- Assessing the reliability of the Group's approved budgets and revisions by considering historical accuracy on completed contract;
- Evaluating the appropriateness of the budgeted profit of the project estimated by the management of the Group by meeting with them to assess (i) how the project budgets were prepared based on the contract sum and budget costs of construction contracts and design projects and (ii) how they determined the stage of completion of those projects;
- Assessing the reasonableness of the total outcome of the contract estimated for those contracts, on a sample basis, where revenue has been recognized only to the extent of the contract cost incurred that is probable to be recoverable;
- Evaluating the accuracy of the contract costs incurred during the year by agreeing (i) construction costs, on a sample basis, to equipment condition certificates, and supplier invoices and payment request certificates and (ii) the contract sum and budgeted costs in the project summary as at December 31, 2016 to respective construction contracts and approved budget cost; and
- Examining the calculation of percentage of completion based on construction costs incurred for work performed to date and budget costs of construction contracts and agreeing the calculated revenue based on percentage of completion to the amount of revenue recognized calculation.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Yeung Yu Man.

Deloitte Touche Tohmatsu

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 15, 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2016

	NOTES	2016 RMB'000	2015 RMB'000 (Restated)
Revenue	6	**32,890,307**	26,795,904
Less: Tax surcharge		**(437,066)**	(459,736)
Cost of sales and services		**(18,096,205)**	(14,315,537)
Gross profit		**14,357,036**	12,020,631
Other income	7	**1,657,690**	2,029,078
Net loss arising from changes in fair value of derivative financial instruments		**(13,844)**	(154,926)
Selling and distribution expenses		**(99,702)**	(175,937)
Other expenses		**(751,802)**	(613,130)
Administrative expenses		**(2,258,557)**	(2,037,449)
Other gains and losses	8	**(520,533)**	511,362
Share of results of associates		**539,422**	368,627
Share of results of joint ventures		**751,125**	664,530
Finance costs	9	**(4,083,346)**	(2,974,895)
Profit before taxation	10	**9,577,489**	9,637,891
Taxation	11	**(652,782)**	(1,098,865)
Profit for the year		**8,924,707**	8,539,026
Other comprehensive income (expenses):			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of a subsidiary		**498,373**	425,375
– Share of other comprehensive (expenses) income of associates		**(152,116)**	229,195
– Others		**(2,690)**	1,652
Other comprehensive income for the year		**343,567**	656,222
Total comprehensive income for the year		**9,268,274**	9,195,248

	NOTE	2016 RMB'000	2015 RMB'000 (Restated)
Profit for the year attributable to:			
Owners of the Company		7,286,934	7,029,383
Non-controlling interests		1,637,773	1,509,643
		8,924,707	8,539,026
Total comprehensive income attributable to:			
Owners of the Company		7,505,902	7,577,609
Non-controlling interests		1,762,372	1,617,639
		9,268,274	9,195,248
Earnings per share attributable to owners of the Company, basic (RMB)	13	0.160	0.155

Consolidated Statement of Financial Position

As at December 31, 2016

	NOTES	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	15	**216,509,163**	199,176,595	179,584,334
Intangible assets	16	**3,065,535**	2,991,275	2,591,440
Investment properties	17	**320,333**	659,106	704,847
Interests in associates	18	**7,837,967**	7,005,105	6,951,251
Interests in joint ventures	19	**4,199,132**	4,152,147	4,346,043
Available-for-sale investments	20	**195,310**	195,310	195,310
Deferred tax assets	21	**1,687,249**	1,500,789	1,304,431
Derivative financial instruments	30	**1,416**	8,346	18,137
Prepayments and value-added tax recoverable	26	**6,277,564**	5,838,094	6,729,459
Prepaid lease payments	22	**2,959,611**	2,986,488	2,924,428
Deposits for property, plant and equipment	15	**755,884**	1,512,079	894,724
Loan receivable	29	**—**	30,000	60,000
Other assets		**—**	12,143	12,143
		243,809,164	226,067,477	206,316,547
CURRENT ASSETS				
Inventories	23	**13,137,983**	12,940,437	10,456,331
Amounts due from customers for contract work	24	**5,300,838**	3,280,422	1,515,005
Prepaid lease payments	22	**85,649**	85,180	82,295
Trade and bills receivables	25	**5,735,493**	6,363,846	4,591,935
Prepayments and other receivables	26	**7,360,943**	6,915,091	5,369,750
Amounts due from related parties	27	**1,625,292**	1,364,424	801,680
Loan to a fellow subsidiary	28	**—**	—	180,000
Loan receivable	29	**—**	30,000	30,000
Derivative financial instruments	30	**12,521**	23,226	34,505
Restricted bank deposits	31	**6,400**	11,475	8,678
Other deposits over three months	31	**2,047,000**	2,902,679	2,930,821
Cash and cash equivalents	31	**8,456,534**	11,381,296	33,278,990
		43,768,653	45,298,076	59,279,990
Assets classified as held for sale	32	**55,977**	—	—
		43,824,630	45,298,076	59,279,990

	NOTES	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
CURRENT LIABILITIES				
Trade and other payables	33	**19,294,867**	17,759,008	14,859,178
Amounts due to customers for contract work	24	**855,926**	545,553	1,965,738
Amounts due to related parties	34	**8,081,680**	1,532,038	5,279,928
Loans from ultimate holding company	35	**1,025,500**	2,725,500	3,895,000
Loans from fellow subsidiaries	35	**3,651,242**	200,000	855,191
Loans from an associate	35	**3,945,435**	3,218,275	1,403,209
Payable to ultimate holding company	35	**—**	1,995,921	3,530,000
Income tax payable		**630,519**	783,324	547,015
Provisions	39	**1,060,000**	834,864	770,320
Bank borrowings - due within one year	36	**20,806,759**	11,634,378	12,884,451
Notes payable - due within one year	37	**5,600,000**	2,500,000	—
Derivative financial instruments	30	**215,036**	218,013	135,022
		65,166,964	43,946,874	46,125,052
Liabilities directly associated with assets classified as held for sale	32	**699**	—	—
		65,167,663	43,946,874	46,125,052
NET CURRENT (LIABILITIES) ASSETS		**(21,343,033)**	1,351,202	13,154,938
TOTAL ASSETS LESS CURRENT LIABILITIES		**222,466,131**	227,418,679	219,471,485

Consolidated Statement of Financial Position

As at December 31, 2016

	NOTES	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
NON-CURRENT LIABILITIES				
Bank borrowings - due after one year	36	**124,482,040**	118,861,227	109,629,837
Notes payable - due after one year	37	**7,993,568**	11,091,066	11,600,000
Deferred tax liabilities	21	**1,615,117**	1,911,902	1,695,069
Deferred income	38	**984,873**	1,031,309	1,070,641
Provisions	39	**2,467,433**	1,755,732	1,526,003
Derivative financial instruments	30	**5,744**	140,634	259,984
Borrowings from a financial institution	36	**—**	—	953,467
Loans from a fellow subsidiary	35	**—**	3,680,000	2,553,197
Loans from an associate	35	**2,989,975**	3,616,486	3,547,138
Payable to ultimate holding company	35	**—**	—	2,000,000
Staff cost payables	48	**28,708**	10,690	—
		140,567,458	142,099,046	134,835,336
NET ASSETS		**81,898,673**	85,319,633	84,636,149
CAPITAL AND RESERVES				
Share capital	40	**45,448,750**	45,448,750	45,448,750
Reserves		**11,085,951**	15,406,666	17,468,747
Equity attributable to owners of the Company		**56,534,701**	60,855,416	62,917,497
Non-controlling interests	41	**25,363,972**	24,464,217	21,718,652
TOTAL EQUITY		**81,898,673**	85,319,633	84,636,149

The consolidated financial statements on pages 168 to 317 were approved and authorized for issue by the board of directors on March 15, 2017 and are signed on its behalf by:

DIRECTOR

DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended December 31, 2016

	Attributable to owners of the Company								
	Share capital RMB'000	Capital reserve RMB'000 (notes a & e)	Statutory surplus reserves RMB'000 (notes b, c & e)	Translation reserve RMB'000	Other reserves RMB'000 (note d)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2015, as previously stated	45,448,750	7,596,927	3,525,740	(2,014,097)	—	4,892,767	59,450,087	19,624,744	79,074,831
Effect of business combination of entities under common control (note 2)	—	5,277,616	351,704	—	99,944	(2,261,854)	3,467,410	2,093,908	5,561,318
At January 1, 2015 (Restated)	45,448,750	12,874,543	3,877,444	(2,014,097)	99,944	2,630,913	62,917,497	21,718,652	84,636,149
Profit for the year	—	—	—	—	—	7,029,383	7,029,383	1,509,643	8,539,026
Other comprehensive income for the year	—	—	—	317,379	230,847	—	548,226	107,996	656,222
Total comprehensive income for the year	—	—	—	317,379	230,847	7,029,383	7,577,609	1,617,639	9,195,248
Capital injections	—	420,900	—	—	—	—	420,900	2,367,756	2,788,656
Acquisition under common control (note 2) (note e)	—	(7,596,927)	(2,015,263)	—	—	—	(9,612,190)	—	(9,612,190)
Dividend declared (note 12)	—	—	—	—	—	(448,400)	(448,400)	(1,239,830)	(1,688,230)
Appropriation of specific reserve	—	—	141,558	—	—	(141,558)	—	—	—
Utilization of specific reserve	—	—	(107,694)	—	—	107,694	—	—	—
Appropriation of general reserve	—	—	1,342,761	—	—	(1,342,761)	—	—	—
At December 31, 2015 (Restated)	45,448,750	5,698,516	3,238,806	(1,696,718)	330,791	7,835,271	60,855,416	24,464,217	85,319,633
At December 31, 2015, as previously stated	45,448,750	—	2,767,867	(1,695,066)	—	10,115,398	56,636,949	22,072,824	78,709,773
Effect of business combination of entities under common control (note 2)	—	5,698,516	470,939	(1,652)	330,791	(2,280,127)	4,218,467	2,391,393	6,609,860
At December 31, 2015 (Restated)	45,448,750	5,698,516	3,238,806	(1,696,718)	330,791	7,835,271	60,855,416	24,464,217	85,319,633
Profit for the year	—	—	—	—	—	7,286,934	7,286,934	1,637,773	8,924,707
Other comprehensive income for the year	—	—	—	373,780	(154,812)	—	218,968	124,599	343,567
Total comprehensive income for the year	—	—	—	373,780	(154,812)	7,286,934	7,505,902	1,762,372	9,268,274
Capital injections	—	—	—	—	—	—	—	1,141,850	1,141,850
Acquisition under common control (note 2) (note e)	—	(5,698,516)	(2,837,814)	—	—	—	(8,536,330)	—	(8,536,330)
Dividend declared (note 12)	—	—	—	—	—	(3,292,985)	(3,292,985)	(1,952,423)	(5,245,408)
Disposal of interests in a non-wholly owned subsidiary (note 49)	—	—	—	—	—	—	—	(52,044)	(52,044)
Appropriation of specific reserve	—	—	140,823	—	—	(140,823)	—	—	—
Utilization of specific reserve	—	—	(96,584)	—	—	96,584	—	—	—
Appropriation of general reserve	—	—	1,547,812	—	—	(1,547,812)	—	—	—
Share of other changes in net assets of an associate	—	—	—	—	2,698	—	2,698	—	2,698
At December 31, 2016	45,448,750	—	1,993,043	(1,322,938)	178,677	10,237,169	56,534,701	25,363,972	81,898,673

Consolidated Statement of Changes in Equity

For the year ended December 31, 2016

Notes:

(a) Capital reserve

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, 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) General reserve

As stipulated by the relevant laws in the People's Republic of China (the "PRC"), entities in PRC are required to maintain a statutory surplus reserve. The statutory surplus reserve is 10% of profit after taxation of the entities according to the PRC statutory financial statements. The appropriation may cease to apply if the balance of the statutory surplus reserve has reached 50% of the PRC entities registered capital. The surplus reserve can be used to make up losses, or for conversion into capital, or for other usage according to the relevant rules in PRC. The PRC subsidiaries may, upon the approval by a resolution of the owners, convert their surplus reserves into capital in proportion to their then existing capital contribution.

(c) Specific reserve

Pursuant to the relevant PRC regulations for construction companies, the Group's subsidiary, 中廣核工程有限公司 China Nuclear Power Engineering Co., Ltd. ("CGN Engineering") is required to set aside an amount to maintenance, improvement and other similar funds. The funds can be used for maintenance and improvements of safety at the construction sites, and are not available for distribution to owners of the subsidiaries.

(d) Other reserves

The amounts mainly represent the reserves shared by the Group in respect of its proportional sharing of the available-for-sale investment reserve of its associate.

(e) As stipulated by the relevant rules in PRC, for the acquisition under common control, if the consideration of the acquisition exceeds the capital reserve balance, the shortfall should be firstly deducted from the statutory surplus reserve, and then retained earnings if statutory surplus reserve is not sufficient to cover the shortfall. Details of acquisition of entities under common controls are set out in note 2.

Consolidated Statement of Cash Flows

For the year ended December 31, 2016

	2016 RMB'000	2015 RMB'000 (Restated)
Operating activities		
Profit before taxation	9,577,489	9,637,891
Provisions for nuclear power operation	1,076,193	846,161
Depreciation of property, plant and equipment	4,422,793	3,290,228
Amortization of prepaid lease payments	65,923	57,943
Depreciation of investment properties	27,981	65,012
Amortization of intangible assets	210,057	126,970
Finance costs	4,083,346	2,974,895
Effects of cash-settled share-based payment	18,018	10,690
Allowance (reversal of allowance) for trade and other receivables	4,323	(62)
Allowance for prepayments and other receivables	—	32,220
Allowance for inventories	151,955	144,288
Impairment on property, plant and equipment	—	634
Loss on disposals of property, plant and equipment	14,894	6,041
Loss on disposals of intangible assets	—	7,370
Gain on disposal of investment properties	(64,846)	—
Gain on disposal of an associate	—	(19,463)
Loss on disposal of a subsidiary	38,339	—
Unrealized fair value change in derivative financial instruments	(120,409)	(15,551)
Dividend income from available-for-sale investment	(14,433)	(17,570)
Government grant related to assets	(64,402)	(148,092)
Interest income	(226,145)	(426,162)
Share of results of joint ventures	(751,125)	(664,530)
Share of results of associates	(539,422)	(368,627)
Unrealized net exchange losses (gains)	650,546	(704,605)
Operating cash flows before movements in working capital	18,561,075	14,835,681
Increase in inventories	(345,624)	(2,482,372)
Decrease (increase) in trade and other receivables	546,605	(1,136,579)
Increase in trade and other payables	1,895,400	1,939,572
Decrease in nuclear power provision	(836,409)	(769,669)
Increase in derivative financial liabilities, net	177	262
Increase in amounts due from customers for contract work	(2,020,416)	(1,765,417)
Increase (decrease) in amounts due to customers for contract work	310,373	(1,420,185)
Cash generated from operations	18,111,181	9,201,293
Income tax paid	(1,358,446)	(898,428)
Net cash generated from operating activities	16,752,735	8,302,865

Consolidated Statement of Cash Flows

For the year ended December 31, 2016

	NOTES	2016 RMB'000	2015 RMB'000 (Restated)
Investing activities			
Interest received		143,630	426,162
Deposits paid and purchase of property, plant and equipment		(17,296,238)	(17,449,804)
Addition to intangible assets		(535,924)	(534,175)
Addition to prepaid lease payments		(55,417)	(142,552)
Addition to investment properties		(931)	—
Proceeds from disposals of property, plant and equipment		243,843	46,445
Proceeds from disposals of investment properties		76,081	—
Proceeds from disposal of an associate		—	358,208
Government grants received		50,143	108,760
Placement of deposits with original maturity over three months		(581,277)	(1,210,052)
Withdrawal of deposits with original maturity over three months		1,436,956	1,238,194
Placement of restricted bank deposits		(16,971)	(17,532)
Withdrawal of restricted bank deposits		22,046	14,735
Repayments of entrusted loans to a fellow subsidiary		—	180,000
Repayment from loan receivables to a third party		60,000	30,000
Capital contributions to associates		(582,156)	(450,406)
Capital contributions to joint ventures		(282,814)	(205,480)
Dividends received from associates		275,452	283,389
Dividends received from a joint venture		572,883	205,477
Dividends received from available-for-sale investment		21,208	17,570
Acquisition of subsidiaries		(3,000,000)	(9,612,190)
Net cash flows from disposal of a subsidiary	49	55,431	—
Consideration receipt in advance for assets held for sale	32	127,200	—
Advance to related parties		(587,597)	(305,430)
Repayment from related parties		611,676	310,034
Net cash used in investing activities		(19,242,776)	(26,708,647)

	2016 RMB'000	2015 RMB'000 (Restated)
Financing activities		
Capital injections from non-controlling interests	1,141,850	2,367,756
Capital injections of subsidiaries acquired under common control	—	420,900
Interest paid	(8,030,682)	(8,326,720)
Loans from fellow subsidiaries	2,003,069	4,350,000
Repayments of loans to fellow subsidiaries	(2,231,835)	(3,878,388)
Loans from an associate	17,151,801	7,683,720
Repayments to an associate	(17,094,342)	(5,798,571)
Repayment of payable to ultimate holding company	(2,000,000)	(3,530,000)
Loans from ultimate holding company	1,355,500	4,254,500
Repayments of loans to ultimate holding company	(3,055,500)	(5,424,000)
Proceeds from bank borrowings	37,556,099	26,844,367
Repayments of bank borrowings	(23,296,618)	(17,739,485)
Repayments of borrowings from a financial institution	—	(953,467)
Proceeds from issuing notes payable	2,500,000	2,000,000
Repayment of notes payable	(2,500,000)	—
Dividends paid	(3,298,973)	(4,136,511)
Dividends paid to non-controlling shareholders	(1,385,427)	(655,204)
Advance from related parties	1,058,245	2,255,935
Repayment to related parties	(461,425)	(3,376,950)
Net cash used in financing activities	(588,238)	(3,642,118)
Net decrease in cash and cash equivalents	(3,078,279)	(22,047,900)
Cash and cash equivalents at the beginning of the year	11,381,296	33,278,990
Effects of exchange rate changes	153,517	150,206
Cash and cash equivalents at the end of the year	8,456,534	11,381,296

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PRESENTATION

In 2015, the Company acquired 12.5% equity interest in 臺山核電合營有限公司 Taishan Nuclear Power Joint Venture Co., Ltd. ("Taishan Nuclear ") and 60% equity interest in 臺山核電產業投資有限公司 Taishan Nuclear Power Industry Investment Co., Ltd. ("Taishan Investment") from CGNPC, the ultimate holding company of the Group. The Company paid to CGNPC a cash consideration of RMB9,612,190,000, after making adjustment to the consideration pursuant to the equity transfer agreement, which has been paid in full by the Company in 2015. As the Company, Taishan Investment and Taishan Nuclear are under common control of CGNPC, the above acquisition has constituted a business combination under common control.

In September 2016, the Company entered into an equity transfer agreement with CGNPC, the ultimate holding company of the Group. Pursuant to the agreement, the Company acquired 61% equity interest in 廣西防城港核電有限公司 Guangxi Fangchenggang Nuclear Power Co., Ltd. ("Fangchenggang Nuclear"), 100% equity interest in 中廣核陸豐核電有限公司 CGN Lufeng Nuclear Power Co., Ltd. ("Lufeng Nuclear"), and 100% equity interest in CGN Engineering and its subsidiaries (collectively referred to as the "Acquired Companies") from CGNPC at a cash consideration of RMB8,536,330,000 after making adjustment based on net assets' value of the Acquired Companies on acquisition date to the consideration. RMB3,000,000,000 has been paid by the Company in 2016 and the remaining consideration of RMB5,536,330,000 is included in the other payable to CGNPC as at December 31, 2016. Fangchenggang Nuclear and Lufeng Nuclear are engaged in nuclear power generation and sale of nuclear electricity. CGN Engineering is engaged in investment holding and provision of construction and maintenance services for nuclear power plant and other construction projects. The transaction was completed on November 30, 2016.

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

2. BASIS OF PRESENTATION (Continued)

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

	The Group RMB'000	The Acquired Companies RMB'000	Elimination RMB'000	The Group (as restated) RMB'000
Results of operations for the year ended December 31, 2015				
Profit for the year	8,072,576	827,111	(360,661)	8,539,026
Profit for the year attributable to:				
Owners of the Company	6,593,646	798,017	(362,280)	7,029,383
Non-controlling interests	1,478,930	29,094	1,619	1,509,643
Total comprehensive income attributable to:				
Owners of the Company	6,912,677	1,027,212	(362,280)	7,577,609
Non-controlling interests	1,586,926	29,094	1,619	1,617,639
Basic earnings per share(RMB)	0.145	—	—	0.155
Consolidated statement of financial position as at January 1, 2015:				
Non-current assets	178,297,794	36,986,132	(8,967,379)	206,316,547
Current assets	42,590,705	19,305,826	(2,616,541)	59,279,990
Current liabilities	28,468,715	26,062,044	(8,405,707)	46,125,052
Non-current liabilities	113,344,953	21,490,383	—	134,835,336
Equity attributable to owners of the Company	59,450,087	6,553,856	(3,086,446)	62,917,497
Non-controlling interests	19,624,744	2,185,675	(91,767)	21,718,652
Consolidated statement of financial position as at December 31, 2015:				
Non-current assets	190,949,763	44,228,413	(9,110,699)	226,067,477
Current assets	26,851,595	20,337,291	(1,890,810)	45,298,076
Current liabilities	25,290,982	26,118,527	(7,462,635)	43,946,874
Non-current liabilities	113,800,603	28,298,443	—	142,099,046
Equity attributable to owners of the Company	56,636,949	7,667,193	(3,448,726)	60,855,416
Non-controlling interests	22,072,824	2,481,541	(90,148)	24,464,217

2. BASIS OF PRESENTATION (Continued)

The effects of these restatements described above on the Group's consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2016 are as follows:

	2016 RMB'000
Increase in profit for the year	511,944
Increase in profit for the year attributable to:	
Owners of the Company	447,414
Non-controlling interests	64,530
Decrease in other comprehensive income attributable to owners of the Company	(152,116)

The effects of these restatements described above on the Group's consolidated statement of financial position as at December 31, 2016 are as follows:

	December 31, 2016 RMB'000
Increase in non-current assets	34,559,884
Increase in current assets	18,491,848
Increase in current liabilities	30,826,896
Increase in non-current liabilities	23,376,441
Decrease in equity attributable to owners of the Company	(3,448,044)
Increase in non-controlling interests	2,296,439

2. BASIS OF PRESENTATION (Continued)

The effects of these restatements described above on the Group's cash flow for the years ended December 31, 2016 and 2015 are as follows:

	2016 RMB'000	2015 RMB'000
Increase (decrease) in net cash generated from operating activities	**1,643,947**	(2,483,272)
Increase in net cash used in investing activities	**(3,585,841)**	(6,036,514)
Decrease in net cash used in financing activities	**1,032,660**	6,410,988
Increase in cash and cash equivalents at the end of the year	**3,307,597**	4,202,703

The effects of these restatements described above on the Group's basic earnings per share for the years ended December 31, 2016 and 2015 are as follows:

	2016 RMB	2015 RMB
Figures before adjustments	**0.150**	0.145
Adjustments arising from acquisition of subsidiaries under common control	**0.010**	0.010
Figures after adjustments	**0.160**	0.155

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2016.

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

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs (Continued)

New and amendments to IFRSs in issue but not yet effective

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

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers and the related amendments [1]
IFRS 16	Leases[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
Amendment to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 7	Disclosure Initiative[4]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses[4]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle[5]

1 Effective for annual periods beginning on or after January 1, 2018
2 Effective for annual periods beginning on or after January 1, 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after January 1, 2017
5 Effective for annual periods beginning on or after January 1, 2017 or January 1, 2018, as appropriate

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs (Continued)

New and amendments to IFRSs in issue but not yet effective (Continued)

IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- all recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39 *Financial Instruments: Recognition and Measurement*. 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.

Based on the Group's financial instruments and risk management policies as at December 31, 2016, application of IFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortized cost.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs (Continued)

New and amendments to IFRSs in issue but not yet effective (Continued)

IFRS 15 Revenue from Contracts with Customers

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.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus against considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of IFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognized in the respective reporting periods.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 Leases and the related interpretations when it becomes effective.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs (Continued)

New and amendments to IFRSs in issue but not yet effective (Continued)

IFRS 16 Leases (Continued)

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

Under IAS 17, the Group has already recognized prepaid lease payments for leasehold lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of the asset depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at December 31, 2016, the Group as lessee has non-cancellable operating lease commitments of RMB738,520,000 as disclosed in note 45. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs (Continued)

New and amendments to IFRSs in issue but not yet effective (Continued)

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

   (i) the original liability is derecognized;

   (ii) the equity-settled share-based payment is recognized at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and

   (iii) any difference between the carrying amount of the liability at the modification date and the amount recognized in equity should be recognized in profit or loss immediately.

The directors of the Company do not anticipate the application of amendments to IFRS 2 will have material impact to the Group's consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs (Continued)

New and amendments to IFRSs in issue but not yet effective (Continued)

Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after January 1, 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

The 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 for share-based payment transactions that are within the scope of IFRS 2 Share-based payment, 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Basis of consolidation

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity (including reserves 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 after re-attribution of the relevant equity impairment, 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, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and joint ventures

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and joint ventures (Continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss.

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

Merger accounting for business combination involving entities under common control

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposal is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with IAS 39 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

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 is recognized when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed.

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.

Revenue from construction contracts is recognized using the percentage of completion method by reference to the completion assessed on the basis of the actual services provided as a proportion of the total services to be provided.

Service income is recognized as services are rendered.

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 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

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.

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

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

Intangible assets

Intangible assets acquired separately

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Internally-generated intangible assets

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of intangible assets

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

Investment properties

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

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

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

Impairment of tangible and intangible assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets (Continued)

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An 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.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction contracts (Continued)

Where contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the combined statements of financial position, as a liability, as receipt in advance. Amounts billed for work performed but not yet paid by the customer are included in the combined statements of financial position under trade receivables.

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 including the cost of acquiring land held under operating lease, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasehold land and building (Continued)

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

Foreign currencies

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

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Short-term and other long-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognized in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

Share-based payment arrangements

Cash-settle share-based payment

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

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 in subsidiaries, associates, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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.

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 statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL"), available-for-sale investments ("AFSs") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

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 "Net loss 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entities after deducting all of its liabilities. Equity instruments issued by the group entities are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL (i.e. derivative financial instruments held or trading) are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss and is included in the line item "Net loss 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 an associate, a fellow subsidiary, 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 or 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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.

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.

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

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)

Key sources of estimation uncertainty (Continued)

Construction contracts

The Group recognizes contract revenue and profit on a construction contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works. The management estimates the contract costs and foreseeable losses of construction based on the budgets prepared for the contracts. Because of the nature of the activities undertaken in construction businesses, the management reviews and revises the estimates of contract costs in the budget prepared for each contract as the contract progresses. Where the contract revenue is less than expected or actual contract costs are more than expected, additional losses may need to be recognized.

As at December 31, 2016, the carrying amounts of amounts due from customers for contract work and amounts due to customers for contract work are RMB5,300,838,000 and RMB855,926,000 (2015 (Restated): RMB3,280,422,000 and RMB545,553,000), respectively.

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.

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

Key sources of estimation uncertainty (Continued)

Property, plant and equipment (Continued)

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, 2016, the carrying amounts of property, plant and equipment are approximately RMB216,509,163,000 (2015 (Restated): RMB199,176,595,000).

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.

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, 2016, the carrying amounts of intangible assets are approximately RMB3,065,535,000 (2015 (Restated): RMB2,991,275,000).

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

Key sources of estimation uncertainty (Continued)

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, 2016, the carrying amounts of deferred tax assets are approximately RMB1,687,249,000 (2015 (Restated): RMB1,500,789,000).

Impairment of inventories

The Group makes impairment loss of inventories based on an assessment of the net realizable value of inventories. Impairment losses are applied to inventories where events or changes in circumstances indicate that the net realizable value is lower than the cost of inventories. The identification of obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories. In cases where the net realizable value of inventories assessed are less than expected, a recognition of impairment loss of inventories may arise, which would be recognized in profit or loss in the period in which such recognition takes place.

As at December 31, 2016, the carrying amounts of inventories is RMB13,137,983,000 (net of accumulated impairment of RMB521,919,000) (2015(Restated): RMB12,940,437,000 (net of accumulated impairment of RMB490,991,000)).

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

Key sources of estimation uncertainty (Continued)

Provision for nuclear power plant decommissioning

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.

As at December 31, 2016, the carrying amounts of provision for nuclear power plant decommissioning are approximately RMB2,278,307,000 (2015: RMB1,588,127,000).

Provision for low and medium level waste management

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. Detailed assumptions are shown in note 39.

As at December 31, 2016, the carrying amounts of provision for low and medium radioactive waste management are approximately RMB189,126,000 (2015: RMB167,605,000).

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

Key sources of estimation uncertainty (Continued)

Fair value measurement of derivative financial instruments

As described in note 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.

As at December 31, 2016, the fair values of derivative financial assets are approximately RMB13,937,000 (2015 (Restated): RMB31,572,000). As at December 31, 2016, the fair values of derivative financial liabilities are approximately RMB220,780,000 (2015: RMB358,647,000).

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:

	2016 RMB'000	2015 RMB'000 (Restated)
Sales of electricity	**28,114,633**	21,542,239
Revenue from construction contracts and design projects	**2,820,090**	3,222,574
Revenue from technical and training service	**1,029,728**	1,061,557
Sales of equipment and other goods	**925,856**	969,534
	32,890,307	26,795,904

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.

The Group has a single reportable segment for sales of electricity derived from nuclear power plant under IFRS 8 for the year ended December 31, 2015. During the year ended December 31, 2016, the Group has acquired the Acquired Companies from CGNPC which are under common control and the reportable segments have been changed to two segments, namely (i) nuclear power operation and sales of electricity and related technical services segment and (ii) engineering construction and technical services segment. Comparatives have been restated accordingly.

The CODM regularly review sales reports, electricity supply reports and construction progress reports. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the group companies is identified as an operating segment in accordance with IFRS 8, which represents a strategic business unit that offers products and services which are subject to risks and returns that are different from another operating segment. When the group companies are operating in similar business model with similar target group of customers, the group companies are aggregated as a reporting segment. Summarized details of the reportable segments are as follows:

(i) the nuclear power operation and sale of electricity and related technical services segment which mainly generates revenue from sale of electricity through nuclear power operation; and

(ii) the engineering construction and technical services segment which generates revenue from construction of nuclear power plants and design projects, technical and training service, sales of equipment and other goods.

6. REVENUE AND SEGMENT INFORMATION (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. 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 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.

Segment revenue and results

The following table presents revenue and results by reportable segments.

	Year ended December 31, 2016				
	Nuclear power operation and sales of electricity and related technical services segment RMB'000	Engineering construction and technical services segment RMB'000	Subtotal RMB'000	Elimination RMB'000	Total RMB'000
Revenue					
External sales	29,387,755	3,502,552	32,890,307	—	32,890,307
Inter-segment sales	567,358	10,928,341	11,495,699	(11,495,699)	—
Segment revenue	29,955,113	14,430,893	44,386,006	(11,495,699)	32,890,307
Segment profit before taxation reported to the board of directors	8,072,725	789,131	8,861,856	(695,323)	8,166,533
Add: Unrealized gain arising from changes in fair value of derivative financial instruments	120,409	—	120,409	—	120,409
Add: Share of results of associates	287,616	199,768	487,384	52,038	539,422
Add: Share of results of joint ventures	718,502	—	718,502	32,623	751,125
Group's profit before taxation	9,199,252	988,899	10,188,151	(610,662)	9,577,489

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

	Year ended December 31, 2015 (Restated)				
	Nuclear power operation and sales of electricity and related technical services segment RMB'000	Engineering construction and technical services segment RMB'000	Subtotal RMB'000	Elimination RMB'000	Total RMB'000
Revenue					
External sales	22,725,250	4,070,654	26,795,904	—	26,795,904
Inter-segment sales	369,949	11,883,132	12,253,081	(12,253,081)	—
Segment revenue	23,095,199	15,953,786	39,048,985	(12,253,081)	26,795,904
Segment profit before taxation reported to the board of directors	8,337,954	939,678	9,277,632	(688,449)	8,589,183
Add: Unrealized gain arising from changes in fair value of derivative financial instruments	15,551	—	15,551	—	15,551
Add: Share of results of associates	134,606	193,025	327,631	40,996	368,627
Add: Share of results of joint ventures	638,670	—	638,670	25,860	664,530
Group's profit before taxation	9,126,781	1,132,703	10,259,484	(621,593)	9,637,891

Inter-segment sales are charged at prevailing government-prescribed price and government-guided price, market prices.

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)

Other segment information

	Year ended December 31, 2016				
	Nuclear power operation and sales of electricity and related technical services segment RMB'000	Engineering construction and technical services segment RMB'000	Subtotal RMB'000	Elimination RMB'000	Total RMB'000
Amounts included in the measure of segment results:					
Allowance for trade and other receivables	4,323	—	4,323	—	4,323
Depreciation and amortization	4,616,059	246,964	4,863,023	(136,269)	4,726,754
Impairment losses of inventories	151,955	—	151,955	—	151,955
Loss on disposal of property, plant and equipment	14,167	727	14,894	—	14,894
Research and development expenses	451,462	300,340	751,802	—	751,802
Interest income from bank deposits	52,628	779	53,407	—	53,407
Interest income from an associate	129,118	43,620	172,738	—	172,738
Finance costs	4,079,923	3,423	4,083,346	—	4,083,346
Taxation	718,149	78,561	796,710	(143,928)	652,782
Additions to non-current assets (note)	22,817,348	345,962	23,163,310	(1,029,050)	22,134,260
Amounts regularly provided to the CODM but not included in the measure of segments results:					
Derivative financial instruments-assets	13,937	—	13,937	—	13,937
Derivative financial instruments-liabilities	220,780	—	220,780	—	220,780
Interests in associates	7,531,481	1,614,936	9,146,417	(1,308,450)	7,837,967
Interests in joint ventures	5,257,316	—	5,257,316	(1,058,184)	4,199,132

6. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information (Continued)

	Year ended December 31, 2015 (Restated)				
	Nuclear power operation and sales of electricity and related technical services segment RMB'000	Engineering construction and technical services segment RMB'000	Subtotal RMB'000	Elimination RMB'000	Total RMB'000
Amounts included in the measure of segment results:					
Reversal of allowance for trade and other receivables	(62)	—	(62)	—	(62)
Allowance for prepayments and other receivables	—	32,220	32,220	—	32,220
Depreciation and amortization	3,375,057	270,887	3,645,944	(105,791)	3,540,153
Impairment losses of inventories	31,270	113,018	144,288	—	144,288
Impairment losses of property, plant and equipment	—	634	634	—	634
Loss on disposals of property, plant and equipment	5,098	943	6,041	—	6,041
Loss on disposals of intangible assets	7,370	—	7,370	—	7,370
Research and development expenses	203,861	409,269	613,130	—	613,130
Interest income from bank deposits	218,399	470	218,869	—	218,869
Interest income from an associate	136,364	70,929	207,293	—	207,293
Finance costs	2,969,901	4,994	2,974,895	—	2,974,895
Taxation	1,107,283	146,980	1,254,263	(155,398)	1,098,865
Additions to non-current assets (note)	23,829,760	355,419	24,185,179	(736,208)	23,448,971
Amounts regularly provided to the CODM but not included in the measure of segments results:					
Derivative financial instruments-assets	31,572	—	31,572	—	31,572
Derivative financial instruments-liabilities	358,647	—	358,647	—	358,647
Interests in associates	6,978,505	1,526,388	8,504,893	(1,499,788)	7,005,105
Interests in joint ventures	4,898,505	—	4,898,505	(746,358)	4,152,147

Note: Non-current assets include property, plant and equipment, intangible assets, investment properties, prepaid lease payments, deposits for property, plant and equipment and prepayments and value-added tax recoverable.

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:

	2016 RMB'000	2015 RMB'000 (Restated)
Entities under control by the PRC Government (excluding entities under control by CGNPC, a joint venture and an associate) [1]	**22,948,559**	16,750,368
Entities under control by CGNPC[2]	**859,929**	454,310
A joint venture[2]	**1,297,774**	1,723,112
An associate[2]	**1,768,354**	2,062,531
An associate of CGNPC[2]	**203,843**	—
香港核電投資有限公司 Hong Kong Nuclear Investment Co., Ltd. ("HKNIC")[1]	**5,166,074**	4,791,981

[1] revenue from sales of electricity to power grids (note 47(e)) and a non-controlling shareholder with significant influence over the relevant subsidiary from nuclear power operation and sale of electricity and related technical services segment

[2] revenue from construction contracts and design projects, technical and training service, and sales of equipment and other goods to related parties (note 47(a)) from the both segments

Segment assets and liabilities

For the year ended December 31, 2015, for the purpose of allocating resources and assessing performance, the CODM regularly review the Group's revenue and the Group's profit as a whole and as such, there is only a single reportable segment. Accordingly, no segment assets and liabilities are presented.

During the year ended December 31, 2016, the Group has acquired entities under common control and two reportable segments, namely (i) nuclear power operation and sales of electricity and related technical services segment and (ii) engineering construction and technical services segment are presented. Comparatives have been restated accordingly.

6. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

The following is an analysis of the Group's assets and liabilities by reporting segments:

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
Segment assets		
Nuclear power operation and sale of electricity and related technical services segment	**265,001,229**	249,576,254
Engineering construction and technical services segment	**22,580,130**	23,496,649
Total segment assets	**287,581,359**	273,072,903
Unallocated assets	**12,051,036**	11,188,824
Elimination	**(11,998,601)**	(12,896,174)
Total assets	**287,633,794**	271,365,553
Segment liabilities		
Nuclear power operation and sale of electricity and related technical services segment	**194,384,795**	176,163,272
Engineering construction and technical services segment	**20,975,863**	20,986,152
Total segment liabilities	**215,360,658**	197,149,424
Unallocated liabilities	**220,780**	358,647
Elimination	**(9,846,317)**	(11,462,151)
Total liabilities	**205,735,121**	186,045,920

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, interests in joint ventures and derivative financial instruments-assets.
- all liabilities are allocated to operating segments other than derivative financial instruments-liabilities.

7. OTHER INCOME

	2016 RMB'000	2015 RMB'000 (Restated)
Value-added tax refunds (note a)	1,315,548	1,378,530
Interest income from bank deposits	53,407	218,869
Interest income from an associate	172,738	207,293
Rental income	21,849	36,216
Dividend from available-for-sale investments	14,433	17,570
Government grants		
– related to expenses items (note b)	15,313	22,508
– related to assets (note 38)	64,402	148,092
	1,657,690	2,029,078

Notes:

(a) 嶺澳核電有限公司Ling Ao Nuclear Power Co, Ltd. ("Ling'ao Nuclear"), 嶺東核電有限公司Ling Dong Nuclear Power Co, Ltd. ("Lingdong Nuclear"), 陽江核電有限公司Yangjiang Nuclear Power Co., Ltd. ("Yangjiang Nuclear") and Fangchenggang Nuclear, subsidiaries of the Company, are entitled to the value-added tax refund for the first 15 years for their revenue from the sales of electricity since the second month of commencement of reactor projects' commercial operation. There were no conditions or limitations attached to these value-added tax refunds. Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them (if applicable) and that the grants will be received.

(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 years ended December 31, 2016 and 2015, which had no conditions imposed by the respective PRC government authorities.

8. OTHER GAINS AND LOSSES

	2016 RMB'000	2015 RMB'000 (Restated)
Net foreign exchange (losses) gains	**(528,532)**	537,115
Gain on disposal of investment properties	**64,846**	—
Loss from disposal of interest in a subsidiary (note 49)	**(38,339)**	—
Gain from disposal of an associate (note 18)	**—**	19,463
(Allowance) reversal of allowance for trade and other receivables (note 25)	**(4,323)**	62
Allowance for prepayments and other receivables	**—**	(32,220)
Impairment for property, plant and equipment	**—**	(634)
Loss on disposals of intangible assets	**—**	(7,370)
Loss on disposals of property, plant and equipment	**(14,894)**	(6,041)
Others	**709**	987
	(520,533)	511,362

9. FINANCE COSTS

	2016 RMB'000	2015 RMB'000 (Restated)
Interest on bank borrowings	6,643,764	6,669,722
Interest on borrowings from a financial institution	—	37,992
Interest on notes payable	677,584	636,993
Interest on loans from ultimate holding company	65,407	193,685
Interest on long-term payables to ultimate holding company	81,233	156,524
Interest on loans from fellow subsidiaries	156,636	214,135
Interest on loans from an associate	300,126	298,872
Interests relating to provision for nuclear power plant decommissioning	131,701	99,338
Total interest expenses	8,056,451	8,307,261
Less: capitalized in construction in progress	(3,973,105)	(5,332,366)
Total finance costs	4,083,346	2,974,895

Borrowing costs capitalized during the year arose on the specific borrowings obtained for the construction work and the general borrowing pool by applying a capitalization rate ranging from 4.40% to 4.99% (2015: 5.24% to 5.56%).

10. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging (crediting):

	2016 RMB'000	2015 RMB'000 (Restated)
Directors' emoluments (note 14)	**2,441**	2,172
Supervisors' emoluments (note 14)	**4,990**	2,406
Other staff costs:		
Salaries and other benefits	**6,931,369**	6,482,550
Retirement benefit scheme contributions	**442,797**	388,394
Total staff costs	**7,381,597**	6,875,522
Less: Capitalized in property, plant and equipment	**(2,627,073)**	(3,081,225)
Less: Capitalized in intangible assets	**(196,393)**	(251,049)
	4,558,131	3,543,248
Depreciation and amortization of:		
Property, plant and equipment	**4,719,520**	3,598,742
Less: Capitalized in construction in progress	**(296,727)**	(308,514)
	4,422,793	3,290,228
Prepaid lease payments	**85,545**	85,030
Less: Capitalized in construction in progress	**(19,622)**	(27,087)
	65,923	57,943
Intangible assets	**210,057**	126,970
Investment properties	**27,981**	65,012
	4,726,754	3,540,153

10. PROFIT BEFORE TAXATION (Continued)

	2016 RMB'000	2015 RMB'000 (Restated)
Auditor's remuneration	6,830	6,933
Allowance on inventories (note i)	151,955	144,288
Cost of generating electricity (including cost of nuclear fuel consumed of RMB4,212,184,000 (2015: RMB3,260,084,000)) recognized as expenses	13,063,444	9,413,197
Unrealized gain arising from fair value change in financial assets and liabilities at FVTPL	(120,409)	(15,551)
Realized loss arising from financial assets and liabilities at FVTPL	134,253	170,477
Gross rental income from investment properties	(21,849)	(36,216)
Less: Direct operating expenses including depreciation of investment properties and expenses incurred for generating rental income	36,916	67,440
	15,067	31,224
Research and development expenses (note ii)	751,802	613,130
Provision for spent fuel management (included in cost of sales)	1,061,545	834,213
Provision for low and medium level radioactive waste management (included in cost of sales)	14,648	11,948
Operating lease rentals in respect of rented premises	329,661	163,722

Notes:

(i) During the year ended December 31, 2016, due to obsolescence of the spare parts, the Group has recognized allowance on inventories of RMB151,955,000 (2015 (Restated): RMB144,288,000).

(ii) Research and development expenses are reported under "other expenses" line item on the face of consolidated statement of profit or loss and other comprehensive income, and included staff cost as well as expenses incurred to improve the safety and efficiency of nuclear power operation.

11. TAXATION

	2016 RMB'000	2015 RMB'000 (Restated)
PRC Enterprise Income Tax ("EIT")		
– Current year	**1,214,548**	1,122,468
– (Over) under-provision in prior years	**(8,907)**	12,269
	1,205,641	1,134,737
Deferred taxation (note 21)	**(552,859)**	(35,872)
Taxation	**652,782**	1,098,865

The Company and its subsidiaries are subject to PRC EIT at 25%, except for the following subsidiaries which enjoyed certain tax exemption and relief.

深圳中廣核工程設計有限公司 China Nuclear Power Design Co., Ltd. (Shenzhen), 中廣核(北京)仿真技術有限公司 China Nuclear Power (Beijing) Simulation Technology Corporation Ltd. ("CNPSTC"), 中廣核檢測技術有限公司 CGN Inspection Technology Co., Ltd., 蘇州熱工研究院有限公司 Suzhou Nuclear Power Research Institute, 廣東核電合營有限公司 Guangdong Nuclear Power Joint Venture Co, Ltd. ("GNPJVC"), 中廣核研究院有限公司China Nuclear Power Technology Research Institute ("CNPRI"), Ling'ao Nuclear and CGN Engineering were approved to enjoy the preferential tax rate of 15% in accordance with the relevant EIT laws and regulations for the years ended December 31, 2016 and 2015.

Lingdong Nuclear, Yangjiang Nuclear, Fangchenggang Nuclear, Taishan Nuclear and Lufeng Nuclear, being enterprises engaged in public infrastructure project, were entitled to tax holiday of three years for EIT followed by 50% exemption for the next three years commencing from their 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 for these public infrastructures which were approved as a whole and constructed at batches, the first revenue generating year of public infrastructure project should be based on each batch (such as individual reactor project) instead of the legal entity as a whole.

The first revenue generating year of two reactor projects of Lingdong Nuclear commenced in 2010 and 2011. The applicable tax rate for Lingdong Nuclear's first reactor project was 25% and the applicable tax rate for the second reactor project was 12.5% for year ended December 31, 2016 while the tax rate for its two reactors was both 12.5% for the year ended December 31, 2015.

The first revenue generating year of three reactor projects of Yangjiang Nuclear commenced in 2014, 2015 and 2016 respectively. Therefore, Yangjiang Nuclear is tax exempted for the years ended December 31, 2016 and 2015.

11. TAXATION (Continued)

The first revenue generating year of two reactor projects of Fangchenggang Nuclear commenced in 2016. Therefore, Fangchenggang Nuclear is tax exempted for the year ended December 31, 2016.

Taishan Nuclear and Lufeng Nuclear have not yet commenced generating electricity nor earned profit at December 31, 2016.

Details of the deferred taxation are set out in note 21.

The taxation for the year can be reconciled to the profit before taxation per consolidated statement of profit or loss and other comprehensive income as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Profit before taxation	**9,577,489**	9,637,891
Tax at the applicable tax rate of 25%	**2,394,372**	2,409,473
Tax effect of expenses not deductible for tax purpose	**29,737**	26,141
Tax effect of value-added tax refunds not taxable for tax purpose (note)	**(325,292)**	(330,574)
Tax effect of share of results of associates	**(134,856)**	(92,157)
Tax effect of share of results of joint ventures	**(187,781)**	(166,133)
Tax effect of tax losses not recognized	**127,688**	209,261
Utilization of tax losses previously not recognized	**(49,836)**	(4,134)
Additional tax benefit on research and development expenses	**(75,375)**	(8,056)
Effect of tax exemption and relief granted to subsidiaries	**(988,985)**	(943,597)
(Over) Under-provision in prior years	**(8,907)**	12,269
Others	**(127,983)**	(13,628)
	652,782	1,098,865

Notes:

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, Ling'ao Nuclear and Yangjiang Nuclear are exempted from EIT.

12. DIVIDEND

The subsidiaries of the Company and the Company had declared dividends to their shareholders as follows:

	2016 RMB'000	2015 RMB'000 (Restated)
Analyzed for financial reporting purpose:		
– Dividends declared to the Company's shareholders	**1,908,814**	113,625
– Dividends declared to CGNPC by CGN Engineering	**1,384,171**	334,775
– Dividends declared to the subsidiaries' non-controlling shareholders	**1,952,423**	1,239,830
	5,245,408	1,688,230

Subsequent to the end of the reporting period, a final dividend of RMB0.051 per share in respect of the year ended December 31, 2016 amounting to approximately RMB2,317,886,000 in total has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

The final dividend of RMB0.042 per share in respect of the year ended December 31, 2015 amounting to approximately RMB1,908,814,000 in total was approved by the shareholders at the 2015 annual general meeting on May 27, 2016. The Company has paid the dividend by July 31, 2016.

On July 1, 2016 and November 7, 2016, the dividends of RMB1,384,171,000 in total were declared by CGN Engineering to CGNPC, the original shareholder before the acquisition by the Group in November 2016 as detailed in note 2 and CGN Engineering has paid the dividends by December 31, 2016.

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.

	2016	2015 (Restated)
Profit attributable to the owners of the Company (RMB'000)	**7,286,934**	7,029,383
Weighted average number of ordinary shares (in million)	**45,449**	45,449
Basic earnings per share (RMB)	**0.160**	0.155

No diluted earnings per share for both 2016 and 2015 were presented as the Group had no potential ordinary share in issue during the years ended December 31, 2015 and 2016.

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:

	2016 RMB'000	2015 RMB'000
Directors'/Supervisors' fees	**1,879**	1,776
Salaries and other allowances	**1,926**	1,380
Discretionary bonus	**3,322**	1,210
Retirement benefit scheme contributions	**304**	212
Total	**7,431**	4,578

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For the year ended December 31, 2016

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

	Fees RMB'000	Salaries and other allowances RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended December 31, 2016					
Executive director and chief executive:					
Gao Ligang	—	217	564	81	862
Non-executive directors:					
Zhang Shanming	—	—	—	—	—
Zhang Weiqing (note)	—	—	—	—	—
Shi Bing	—	—	—	—	—
Xiao Xue	—	—	—	—	—
Zhuo Yuyun	—	—	—	—	—
	—	—	—	—	—
Independent non-executive directors:					
Na Xizhi	479	—	—	—	479
Hu Yiguang	450	—	—	—	450
Francis Siu Wai Keung	650	—	—	—	650
	1,579	—	—	—	1,579
	1,579	217	564	81	2,441
Supervisors:					
Pan Yinsheng (note)	—	636	979	80	1,695
Cai Zihua	—	556	978	73	1,607
Wang Hongxin	—	517	801	70	1,388
	—	1,709	2,758	223	4,690
Independent supervisors:					
Yang Lanhe	150	—	—	—	150
Chen Rongzhen	150	—	—	—	150
	300	—	—	—	300
	300	1,709	2,758	223	4,990
Total	1,879	1,926	3,322	304	7,431

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

	Fees RMB'000	Salaries and other allowances RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
For the year ended December 31, 2015					
Executive director and chief executive:					
Gao Ligang	—	239	305	78	622
Non-executive directors:					
Zhang Shanming	—	—	—	—	—
Zhang Weiqing	—	—	—	—	—
Shi Bing	—	—	—	—	—
Xiao Xue	—	—	—	—	—
Zhuo Yuyun	—	—	—	—	—
	—	—	—	—	—
Independent non-executive directors:					
Na Xizhi	450	—	—	—	450
Hu Yiguang	450	—	—	—	450
Francis Siu Wai Keung	650	—	—	—	650
	1,550	—	—	—	1,550
	1,550	239	305	78	2,172
Supervisors:					
Pan Yinsheng	—	—	—	—	—
Cai Zihua	—	597	490	69	1,156
Wang Hongxin	—	544	415	65	1,024
	—	1,141	905	134	2,180
Independent supervisors:					
Yang Lanhe	113	—	—	—	113
Chen Rongzhen	113	—	—	—	113
	226	—	—	—	226
	226	1,141	905	134	2,406
Total	1,776	1,380	1,210	212	4,578

Note:

On July 22, 2016, the Company announces that Zhang Weiqing has reached the age of retirement and resigned as the non–executive director of the Company, with the effect from July 22, 2016.

During the year ended December 31, 2016, Pan Yinsheng was also the employee of 大亞灣核電運營管理有限責任公司 Daya Bay Nuclear Management Co., Ltd. ("DNMC"), a subsidiary of the Group. His salaries amounting to RMB1,695,000 (2015: nil) were received from DNMC as an employee.

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

During the years ended December 31, 2016 and 2015, Zhang Shanming, Zhang Weiqing and Shi Bing who were also directors or employees of CGNPC received emoluments from CGNPC. Xiao Xue and Zhuo Yuyun acted for 廣東恒健投資控股有限公司 Guangdong Hengjian Investment Co., Ltd. ("Hengjian Investment") and 中國核工業集團公司 China National Nuclear Corporation ("CNNC"), which are shareholders of the Company, whose salaries were borne by Hengjian Investment and CNNC respectively. However, there is no reasonable basis to allocate any amount to the Group.

The executive director's emolument shown above was mainly for his services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

The discretionary bonuses are determined with reference to the Group's and individual performance.

Five Highest Paid Individuals

The five highest paid employees for the year were not directors, supervisors nor chief executive of the Group.

Details of the remuneration of the five highest paid individuals for the year are as follows:

	2016 RMB'000	2015 RMB'000
Salaries and other allowances (note)	2,689	3,364
Discretionary bonus	13,721	3,358
Retirement benefit scheme contributions	336	379
	16,746	7,101

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

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

Their emoluments are within the following bands:

	2016	2015
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
HK$2,000,001 to HK$2,500,000	—	—
HK$2,500,001 to HK$3,000,000	—	—
HK$3,000,001 to HK$3,500,000	1	—
HK$3,500,001 to HK$4,000,000	1	—
HK$4,000,001 to HK$4,500,000	3	—

In 2016 and 2015, 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 2016 and 2015.

15. PROPERTY, PLANT AND EQUIPMENT/DEPOSITS FOR PROPERTY, PLANT AND EQUIPMENT

	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, 2015 (Restated)	22,188,831	76,157,106	613,771	101,307	2,900,869	118,752,684	220,714,568
Additions	128,469	695,171	33,383	11,226	262,166	21,914,533	23,044,948
Transfer from investment properties	1,150	—	—	—	—	—	1,150
Transfer	1,248,570	9,468,401	137,522	54	94,480	(10,949,027)	—
Transfer to investment properties	(28,616)	—	—	—	—	—	(28,616)
Disposals	(34,505)	(388,702)	(7,096)	(4,201)	(58,818)	—	(493,322)
Exchange differences	266,076	1,250,935	—	295	15,515	14,179	1,547,000
At December 31, 2015 (Restated)	23,769,975	87,182,911	777,580	108,681	3,214,212	129,732,369	244,785,728
Additions	160,910	965,920	45,771	16,724	485,184	20,182,898	21,857,407
Transfer from investment properties	394,017	—	—	—	—	—	394,017
Transfer	7,801,482	30,949,245	43,185	1,326	139,245	(38,934,483)	—
Transfer to investment properties	(49,781)	—	—	—	—	—	(49,781)
Disposals	(231,800)	(114,740)	(12,345)	(2,313)	(53,787)	—	(414,985)
Eliminated on disposal of a subsidiary	(100,337)	—	—	(1,981)	(98,509)	(756)	(201,583)
Reclassified as held for sale	(13,627)	—	(104,850)	—	(848)	—	(119,325)
Exchange differences	314,924	1,485,985	—	374	18,131	19,566	1,838,980
At December 31, 2016	**32,045,763**	**120,469,321**	**749,341**	**122,811**	**3,703,628**	**110,999,594**	**268,090,458**

15. PROPERTY, PLANT AND EQUIPMENT/DEPOSITS FOR PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Nuclear facilities RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office and electronic equipment RMB'000	Construction in progress RMB'000	Total RMB'000
DEPRECIATION AND IMPAIRMENT							
At January 1, 2015 (Restated)	6,918,360	32,111,382	231,900	60,260	1,808,332	—	41,130,234
Provided for the year	722,059	2,324,977	84,365	12,112	455,229	—	3,598,742
Transfer from investment properties	479	—	—	—	—	—	479
Transfer to investment properties	(9,539)	—	—	—	—	—	(9,539)
Disposals	(23,983)	(368,015)	(2,215)	(4,076)	(42,547)	—	(440,836)
Impairment for the year	—	—	—	—	—	634	634
Exchange differences	239,774	1,076,407	—	242	12,996	—	1,329,419
At December 31, 2015 (Restated)	7,847,150	35,144,751	314,050	68,538	2,234,010	634	45,609,133
Provided for the year	987,256	3,216,507	83,916	13,952	417,889	—	4,719,520
Transfer from investment properties	51,353	—	—	—	—	—	51,353
Transfer to investment properties	(8,276)	—	—	—	—	—	(8,276)
Eliminated on disposals	(697)	(103,384)	(425)	(2,177)	(49,565)	—	(156,248)
Eliminated on disposal of a subsidiary	(31,614)	—	—	(1,036)	(74,037)	(634)	(107,321)
Reclassified as held for sale	(12,226)	—	(97,714)	—	(835)	—	(110,775)
Exchange differences	278,004	1,289,381	—	324	16,200	—	1,583,909
At December 31, 2016	**9,110,950**	**39,547,255**	**299,827**	**79,601**	**2,543,662**	**—**	**51,581,295**
CARRYING VALUES							
At December 31, 2016	**22,934,813**	**80,922,066**	**449,514**	**43,210**	**1,159,966**	**110,999,594**	**216,509,163**
At December 31, 2015 (Restated)	15,922,825	52,038,160	463,530	40,143	980,202	129,731,735	199,176,595
At January 1, 2015 (Restated)	15,270,471	44,045,724	381,871	41,047	1,092,537	118,752,684	179,584,334

15. PROPERTY, PLANT AND EQUIPMENT/DEPOSITS FOR PROPERTY, PLANT AND EQUIPMENT (Continued)

All the buildings are situated on land in the PRC.

Property, plant and equipment, other than nuclear facilities and construction in progress, are depreciated using the straight-line method after taking into account of their estimated residual values at the following years:

Buildings	shorter of the remaining lease term of land and useful lives of 20 - 50 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, 2016, the Group pledged nuclear facilities with carrying values of approximately RMB17,059,177,000 (2015: RMB17,319,547,000) to secure loan facilities granted to the Group. Details of pledge of assets are set out in note 46.

As at December 31, 2016, buildings with carrying amount of approximately RMB6,941,557,000 (2015 (Restated): RMB1,710,581,000), are without property certificates. The Group is in the process of obtaining the property certificates.

The deposits for property, plant and equipment represent the prepayments for construction of nuclear facilities and plant and machinery.

16. INTANGIBLE ASSETS

	AP1000 and related technology RMB'000	Fuel reloading technology RMB'000	Other Nuclear power technology RMB'000	Facilitation and related costs RMB'000	Others RMB'000	Total RMB'000
COST						
At January 1, 2015						
(Restated)	351,470	122,962	752,538	1,631,501	235,166	3,093,637
Additions	44,474	149,694	145,372	142,227	52,408	534,175
Disposal	(7,370)	—	—	—	—	(7,370)
At December 31, 2015						
(Restated)	388,574	272,656	897,910	1,773,728	287,574	3,620,442
Additions	180,782	27,189	220,406	107,547	—	535,924
Elimination on disposal						
of a subsidiary	—	—	(136,654)	—	(188,243)	(324,897)
Reclassified as held for sale	—	—	—	—	(3,800)	(3,800)
At December 31, 2016	**569,356**	**299,845**	**981,662**	**1,881,275**	**95,531**	**3,827,669**
AMORTIZATION						
At January 1, 2015						
(Restated)	—	47,382	—	402,931	51,884	502,197
Provided for the year	—	25,268	—	76,163	25,539	126,970
At December 31, 2015						
(Restated)	—	72,650	—	479,094	77,423	629,167
Provided for the year	12,657	37,829	—	128,543	31,028	210,057
Elimination on disposal						
of a subsidiary	—	—	—	—	(73,906)	(73,906)
Reclassified as held for sale	—	—	—	—	(3,184)	(3,184)
At December 31, 2016	**12,657**	**110,479**	**—**	**607,637**	**31,361**	**762,134**
CARRYING VALUES						
At December 31, 2016	**556,699**	**189,366**	**981,662**	**1,273,638**	**64,170**	**3,065,535**
At December 31, 2015						
(Restated)	388,574	200,006	897,910	1,294,634	210,151	2,991,275
At January 1, 2015						
(Restated)	351,470	75,580	752,538	1,228,570	183,282	2,591,440

16. INTANGIBLE ASSETS (Continued)

The carrying amount of AP1000 represents the development cost on a 3rd generation gigawatt-level nuclear power technology developed by the Group. The AP1000 is expected to generate net cash flow to the Group in 2016 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 needs to be recognized. Expenditure on AP1000 and related technology are amortized over estimated useful life of 10 years.

Expenditure on developing fuel reloading technology by the Group are amortized over estimated useful life from five to ten years.

Other nuclear power technology has not been available for use as at December 31, 2016. 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 needs to be recognized.

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

	2016 RMB'000	2015 RMB'000 (Restated)
COST		
At the beginning of the year	**848,195**	815,768
Addition	**931**	—
Transfer from property, plant and equipment	**49,781**	28,616
Transfer to property, plant and equipment	**(394,017)**	(1,150)
Disposal	**(82,563)**	—
Exchange differences	**2,593**	4,961
At the end of the year	**424,920**	848,195
ACCUMULATED DEPRECIATION		
At the beginning of the year	**189,089**	110,921
Provided for the year	**27,981**	65,012
Transfer from property, plant and equipment	**8,276**	9,539
Transfer to property, plant and equipment	**(51,353)**	(479)
Disposal	**(71,328)**	—
Exchange differences	**1,922**	4,096
At the end of the year	**104,587**	189,089
CARRYING VALUES	**320,333**	659,106

17. INVESTMENT PROPERTIES (Continued)

At December 31, 2016, the fair values of the Group's investment properties were approximately RMB568,951,000 (2015 (Restated): RMB942,909,000). The fair values have been arrived at based on a valuation carried out by China Enterprise Appraisals Co., Ltd., independent qualified professional valuer not connected with the Group, who has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The address of China Enterprise Appraisals Co., Ltd is Room 901, Fanli Plaza, Chaoyangmenwai Street, Beijing, the PRC. The valuation was determined by the market comparable method and adjusted to reflect the conditions of the properties which the directors of the Company are of the view that it is the best estimate of the fair value of these investment properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The above investment properties are depreciated on a straight-line basis taking into account their estimated residual value, over the estimated useful lives of 20 to 40 years, which is the shorter of the lease term of land and estimated useful lives of building.

All the Group's investment properties are located in the PRC. The carrying amounts of investment properties included the Group's interest in land held under operating lease as the leasehold payments cannot be allocated reliably between the land and building elements, as such the entire lease is classified as finance lease and accounted for as investment properties.

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

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	Fair value hierarchy
Commercial building units located in PRC			
Shenzhen Futian District	**455,728**	852,680	Level 3
Beijing Haidian District	**18,824**	17,988	Level 3
Shenzhen Luohu District	**—**	38,596	Level 3
Shenzhen Longgang District	**88,693**	33,645	Level 3
Beijing Changping District	**4,126**	—	Level 3
Chengdu Wuhou District	**1,580**	—	Level 3

17. INVESTMENT PROPERTIES (Continued)

The following table gives information about how the fair values of these investment properties are determined.

Investment properties held by the Group in the consolidated statement of financial position	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Properties in Shenzhen Futian District	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions of the subject property. The key inputs are: 1) Property floor level 2) Property age	Price per square meter, using market direct comparable and taking into account of age adjustment and floor level adjustment of the property	1) The higher the floor level, the higher the fair value 2) The older the development, the lower the fair value
Properties in Beijing Haidian District	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions of the subject property. The key inputs are: 1) Property floor level 2) Property age	Price per square meter, using market direct comparable and taking into account of age adjustment and floor level adjustment of the property	1) The higher the floor level, the higher the fair value 2) The older the development, the lower the fair value
Properties in Shenzhen Luohu District	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions of the subject property. The key inputs are: 1) Property floor level 2) Property age	Price per square meter, using market direct comparable and taking into account of age adjustment and floor level adjustment of the property	1) The higher the floor level, the higher the fair value 2) The older the development, the lower the fair value

17. INVESTMENT PROPERTIES (Continued)

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 Longgang District	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions of the subject property. The key inputs are: 1) Property floor level 2) Property age	Price per square meter, using market direct comparable and taking into account of age adjustment and floor level adjustment of the property	1) The higher the floor level, the higher the fair value 2) The older the development, the lower the fair value
Properties in Beijing Changping 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 Chengdu Wuhou District	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions of the subject property. The key inputs are: 1) Property floor level 2) Property age	Price per square meter, using market direct comparable and taking into account of age adjustment and floor level adjustment of the property	1) The higher the floor level, the higher the fair value 2) The older the development, the lower the fair value

18. INTERESTS IN ASSOCIATES

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Unlisted cost of interests in associates	**8,334,917**	7,752,761	7,666,981
Share of post-acquisition profits and other comprehensive income, net of dividends received	**(496,950)**	(747,656)	(715,730)
	7,837,967	7,005,105	6,951,251

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	
			2016	2015
遼寧紅沿河核電有限公司 Liaoning Hongyanhe Nuclear Power Co., Ltd. ("Hongyanhe Nuclear")[Δ]	Nuclear power generation	PRC	**45.00%**	45.00%
中廣核一期產業投資基金有限公司 CGN Fund Phase I Co., Ltd. (CGN Fund Phase I)*	Investment holding	PRC	**31.43%**	31.43%
中廣核財務有限責任公司 CGN Finance Co., Ltd. ("CGN Finance")	Financial services	PRC	**30.00%**	30.00%

Δ The equity interest in Hongyanhe Nuclear is pledged to secure banking facilities of Hongyanhe Nuclear as at December 31, 2016 and 2015. Details of pledge of assets are set out in note 46.

* directly held by the Company

18. INTERESTS IN ASSOCIATES (Continued)

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

Hongyanhe Nuclear

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
Current assets	**7,071,842**	6,078,365
Non-current assets	**58,678,977**	58,148,664
Current liabilities	**5,645,065**	10,403,778
Non-current liabilities	**47,665,075**	42,314,217

	2016 RMB'000	2015 RMB'000
Revenue	**5,975,442**	4,440,400
Profit and total comprehensive income for the year	**204,844**	13,559
Dividend received from Hongyanhe Nuclear	**—**	127,985

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

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
Net assets of Hongyanhe Nuclear	**12,440,679**	11,509,034
Proportion of the Group's interest in Hongyanhe Nuclear	**45.00%**	45.00%
	5,598,306	5,179,065
Unrealized profit	**(1,409,341)**	(1,551,010)
Carrying amount of the Group's interest in Hongyanhe Nuclear	**4,188,965**	3,628,055

18. INTERESTS IN ASSOCIATES (Continued)

CGN Fund Phase I

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
Current assets	**686,867**	531,792
Non-current assets (note)	**5,832,393**	5,540,365
Current liabilities	**315**	292
Non-current liabilities	**—**	—

Note:

The non-current assets represent the carrying amount of 22.22% equity interest in 中廣核核電投資有限公司CGN Investment Co., Ltd. ("CGN Investment"), 43.48% equity interest in 中廣核寧核投資有限公司CGN Ninghe Investment Co., Ltd. ("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.

	2016 RMB'000	2015 RMB'000
Revenue	**667,711**	490,620
Profit and total comprehensive income for the year	**616,568**	433,117
Dividend received from CGN Fund Phase I	**136,625**	81,870

18. INTERESTS IN ASSOCIATES (Continued)

CGN Fund Phase I (Continued)

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:

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
Net assets of CGN Fund Phase I	**6,518,945**	6,071,865
Proportion of the Group's interest in CGN Fund Phase I	**31.43%**	31.43%
	2,048,905	1,908,387
Surplus on disposal (note)	**(62,031)**	(62,031)
Carrying amount of the Group's interest in CGN Fund Phase I	**1,986,874**	1,846,356

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.

CGN Finance

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
Current assets	**19,646,114**	21,003,432
Non-current assets	**9,169,436**	7,616,183
Current liabilities	**24,384,959**	24,157,487
Non-current liabilities	**163,095**	354,877

18. INTERESTS IN ASSOCIATES (Continued)

CGN Finance (Continued)

	2016 RMB'000	2015 RMB'000
Revenue	**885,026**	949,943
Profit for the year	**486,728**	474,663
Other comprehensive (expenses) income for the year	**(507,053)**	763,983
Total comprehensive (expenses) income for the year	**(20,325)**	1,238,646
Dividend received from CGN Finance	**125,829**	62,919

Reconciliation of the above summarized financial information to the carrying amount of the Group's interest in CGN Finance recognized in the consolidated financial statements:

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
Net assets of CGN Finance	**4,267,496**	4,107,251
Proportion of the Group's interest in CGN Finance	**30.00%**	30.00%
Carrying amount of the Group's interest in CGN Finance	**1,280,249**	1,232,175

18. INTERESTS IN ASSOCIATES (Continued)

Aggregate information of associates that are not individually material

	2016 RMB'000	2015 RMB'000 (Restated)
The Group's share of profit and total comprehensive income	**53,824**	43,949
Dividend received from associates	**16,162**	22,055

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
Aggregate carrying amount of the Group's interests in these associates	**381,879**	298,519

These individually immaterial associates are principally involved in construction work and training service in the PRC.

Disposal of an associate

In October 2015, the Group disposed of all of its 22.1% interest in 江蘇寶銀特種鋼管有限責任公司 Jiangsu Baoyin Special Steel Co., Ltd. to a fellow subsidiary for cash proceeds of RMB358,208,000. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

	RMB'000
Proceeds of disposal	358,208
Less: carrying amount of the 22.1% investment on the date of loss of significant influence	(338,745)
Gain recognized	19,463

19. INTERESTS IN JOINT VENTURES

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Unlisted cost of interests in joint ventures	**5,157,974**	4,875,160	4,669,680
Share of post-acquisition profits, net of dividends received	**(958,842)**	(723,013)	(323,637)
	4,199,132	4,152,147	4,346,043

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 2016	2015
福建寧德核電有限公司 Fujian Ningde Nuclear Power Co., Ltd. ("Ningde Nuclear")	Nuclear power generation	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. ("Beijing Ric Nuclear")	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 joint venturer which is a state-owned enterprise. In addition, the joint arrangement does not result in either parties having rights to asset and obligations to liabilities of Ningde Nuclear. Hence, Ningde Nuclear is classified as a joint venture.

Pursuant to the joint venture agreement of Beijing Ric Nuclear, although the Group holds 51%, the relevant activities that significantly affect the return of Beijing Ric Nuclear require unanimous consent from the Group and the other joint venturer. Since the Group does not have control over Beijing Ric Nuclear, Beijing Ric Nuclear is classified as a joint venture.

19. INTERESTS IN JOINT VENTURES (Continued)

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

Ningde Nuclear

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
Current assets	**7,241,981**	6,575,071
Non-current assets	**50,751,697**	49,324,697
Current liabilities	**7,987,040**	4,253,601
Non-current liabilities	**38,456,007**	40,917,539
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**108,552**	335,322
Current financial liabilities (excluding trade and other payables and provisions)	**5,792,941**	4,185,206
Non-current financial liabilities (excluding provisions)	**37,991,539**	40,502,894

	2016 RMB'000	2015 RMB'000
Revenue	**8,037,013**	6,684,012
Profit and total comprehensive income for the year	**1,547,840**	1,379,671
Dividends received/receivable from the joint venture	**640,806**	776,661
The above profit for the year includes the following:		
Depreciation and amortization	**1,493,234**	1,182,594
Interest income	**2,297**	2,604
Finance costs	**1,654,993**	1,627,535
Taxation (tax credit)	**48,663**	(1,013)

19.INTERESTS IN JOINT VENTURES (Continued)

Ningde Nuclear (Continued)

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

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
Net assets of Ningde Nuclear	**11,550,631**	10,728,628
Proportion of the Group's interest in Ningde Nuclear	**46.00%**	46.00%
	5,313,290	4,935,169
Unrealized profit	**(1,133,989)**	(800,103)
Carrying amount of the Group's interest in Ningde Nuclear	**4,179,301**	4,135,066

Aggregate information of a joint venture that is not individually material

	2016 RMB'000	2015 RMB'000
The Group's share of profit and total comprehensive income	**4,449**	1,464
Dividend received from the joint venture	**1,699**	—

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
Aggregate carrying amount of the Group's interest in the joint venture	**19,831**	17,081

20. AVAILABLE-FOR-SALE INVESTMENTS

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Unlisted investment, at cost			
– 15% equity interests in中核能源科技有限公司	**110,000**	110,000	110,000
– 13.7% equity interests in 中核工業華興建設有限公司	**85,310**	85,310	85,310
	195,310	195,310	195,310

Note:

The unlisted investments represents equity securities of state-owned entities established in the PRC. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair values cannot be measured reliably. The Group does not intend to dispose it in the near future.

21. DEFERRED TAXATION

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

Deferred tax assets (liabilities)	Unrealized profit RMB'000	Receipt in advance RMB'000	Net exchange difference of gains arising from borrowings RMB'000	Derivative financial instruments RMB'000	Accelerated depreciation on property, plant and equipment RMB'000	Deferred income RMB'000	Allowance of inventories and impairment of property, plant and equipment RMB'000	Others RMB'000	Total RMB'000
At January 1, 2015 (Restated)	1,263,237	3,258	(487,212)	(2,222)	(1,182,607)	4,405	2,323	8,180	(390,638)
Credit (charge) to profit or loss	166,650	(2,007)	(110,133)	12,928	(54,164)	22,564	(358)	392	35,872
Exchange differences	–	–	–	–	(56,347)	–	–	–	(56,347)
At December 31, 2015 (Restated)	1,429,887	1,251	(597,345)	10,706	(1,293,118)	26,969	1,965	8,572	(411,113)
Credit (charge) to profit or loss	171,275	6,977	79,789	(922)	283,896	(2,021)	11,849	2,016	552,859
Eliminated on disposal of a subsidiary	–	–	–	–	–	–	(3,836)	–	(3,836)
Exchange differences	–	–	–	–	(65,720)	–	–	–	(65,720)
Reclassified as held for sale	–	–	–	–	–	–	–	(58)	(58)
At December 31, 2016	1,601,162	8,228	(517,556)	9,784	(1,074,942)	24,948	9,978	10,530	72,132

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

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Deferred tax assets	**1,687,249**	1,500,789	1,304,431
Deferred tax liabilities	**(1,615,117)**	(1,911,902)	(1,695,069)
	72,132	(411,113)	(390,638)

21. DEFERRED TAXATION (Continued)

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

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
Tax losses	**2,083,681**	1,772,272

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:

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
2016	**—**	7,795
2017	**7,858**	66,005
2018	**4,212**	26,654
2019	**723,815**	834,775
2020	**837,043**	837,043
2021	**510,753**	—
	2,083,681	1,772,272

22. PREPAID LEASE PAYMENTS

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Land use rights in PRC	**3,045,260**	3,071,668	3,006,723
Analyzed for reporting purposes as:			
Current assets	**85,649**	85,180	82,295
Non-current assets	**2,959,611**	2,986,488	2,924,428
	3,045,260	3,071,668	3,006,723

The prepaid lease payments represented land use rights in the PRC.

At December 31, 2016, the Group pledged leasehold land with carrying values of RMB116,929,000 (2015 (Restated): RMB63,486,000) to secure loan facilities. Details of pledge of assets are set out in note 46.

At December 31, 2016, the Group is still in the process of obtaining the land use right certificate with carrying amount of RMB60,378,000 (2015 (Restated): RMB40,555,000).

23. INVENTORIES

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Nuclear fuel	**10,392,515**	10,575,181	8,514,471
Materials and consumable parts	**2,744,893**	2,361,141	1,934,781
Others	**575**	4,115	7,079
	13,137,983	12,940,437	10,456,331

24. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Contract costs incurred plus recognized profits	**68,420,856**	62,884,582	57,021,920
Less: Progress billings	**(63,975,944)**	(60,149,713)	(57,472,653)
	4,444,912	2,734,869	(450,733)
Analyzed for reporting purposes as:			
Amounts due from customers for contract work	**5,300,838**	3,280,422	1,515,005
Amounts due to customers for contract work	**(855,926)**	(545,553)	(1,965,738)
	4,444,912	2,734,869	(450,733)

25. TRADE AND BILLS RECEIVABLES

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Amounts due from third parties	**3,002,320**	2,838,832	1,816,877
Less: allowance of doubtful debts	**(12,381)**	(8,058)	(8,120)
	2,989,939	2,830,774	1,808,757
Amount due from ultimate holding company	**10,027**	7,821	11,008
Amounts due from joint ventures	**572,617**	259,378	370,849
Amounts due from associates	**1,149,944**	2,619,723	2,141,026
Amounts due from fellow subsidiaries	**259,733**	200,923	36,685
Amount due from an associate of CGNPC	**203,843**	—	—
Amount due from a non-controlling shareholder with significant influence over the relevant subsidiary	**538,550**	445,177	218,612
Bills receivables	**10,840**	50	4,998
Total trade and bills receivables	**5,735,493**	6,363,846	4,591,935

25. TRADE AND BILLS RECEIVABLES (Continued)

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:

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
1 day to 30 days	**3,629,857**	3,323,513
31 days to 1 year	**1,479,394**	1,838,794
1 year to 2 years	**49,852**	808,415
2 years to 3 years	**515,369**	372,371
Over 3 years	**61,021**	20,753
	5,735,493	6,363,846

Trade receivables due from third parties and bills receivables of the Group, as well as amount due from a non-controlling shareholder with significant influence over 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, 2016, except for an amount of RMB12,381,000 (2015: RMB8,058,000) aged above one year which are past due and fully impaired as the recoverability is considered as unlikely, trade receivables due from third parties amounting to RMB2,989,939,000 (2015 (Restated): RMB2,830,774,000) and the amount due from a non-controlling shareholder with significant influence over the relevant subsidiary 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.

25. TRADE AND BILLS RECEIVABLES (Continued)

Movements in the allowance of doubtful debts for trade receivable are set out as follows:

	2016 RMB'000	2015 RMB'000
At the beginning of the year	8,058	8,120
Impairment losses recognized on receivables	4,323	—
Reversal of impairment losses on receivables	—	(62)
At the end of the year	12,381	8,058

The Group pledged trade receivables from grid companies resulting from the pledge of tariff collection rights with carrying amount of approximately RMB1,803,953,000 (2015 (Restated): RMB2,238,869,000) 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 46.

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

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
USD	1,386	44,176
EURO	14,870	29,472
	16,256	73,648

26. PREPAYMENTS AND OTHER RECEIVABLES

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Value-added tax recoverable	**7,960,297**	7,569,744	7,163,527
Prepayments to third parties for materials and consumable parts	**4,535,916**	4,413,641	4,062,078
Prepayments to fellow subsidiaries for nuclear and other materials	**548,626**	168,644	182,733
Prepayments to an associate for materials	**470,688**	478,658	508,479
Prepayments for rental expenses	**19,482**	20,788	22,094
Others	**103,498**	101,710	160,298
	13,638,507	12,753,185	12,099,209
Analyzed for financial reporting purpose:			
Non-current (note)	**6,277,564**	5,838,094	6,729,459
Current	**7,360,943**	6,915,091	5,369,750
	13,638,507	12,753,185	12,099,209

Note:

The amount represents value-added tax, which arose from the purchases of equipment and not expected to be utilized within one year from the end of the respective reporting period, and the non-current prepayment for rental expenses. The value-added tax is expected to be utilized in offsetting the value-added tax payable arising from the Group's revenue.

27. AMOUNTS DUE FROM RELATED PARTIES

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Other receivables from ultimate holding company	**570,786**	335,316	391,259
Other receivables from fellow subsidiaries	**73,065**	325,310	359,198
Other receivables from associates	**193,568**	119,262	48,947
Other receivables from joint ventures	**875**	524	888
Dividend receivable from a joint venture	**640,806**	571,184	—
Dividend receivables from associates	**15,992**	12,828	1,388
Dividend receivable from a former subsidiary (note ii)	**130,200**	—	—
	1,625,292	1,364,424	801,680

Notes:

(i) In the opinion of the management, the above balances are unsecured, non-trade nature, interest-free and expected to be settled within one year from the end of the respective period.

(ii) The amount is due from 北京廣利核系統工程有限公司China Techenergy Co., Ltd. which was disposed by the Group in October 2016. Details are set out in note 49.

28. LOANS TO A FELLOW SUBSIDIARY

	December 31, 2016 RMB'000	December 31, 2015 RMB'000	January 1, 2015 RMB'000
中廣核能源開發有限責任公司 CGN Energy Development Co., Ltd.	**—**	—	180,000

The amount represented short-term loans to a fellow subsidiary under entrusted loan arrangement through CGN Finance. The entrusted loans were unsecured and carried fixed interests ranging from 4.5% to 4.78% per annum. The entire balance had been settled in 2015.

29. LOAN RECEIVABLE

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Loan receivable from 廣西防城港市土地儲備中心	—	60,000	90,000
Analyzed for financial reporting purpose based on remaining contractual maturity:			
Non-current	—	30,000	60,000
Current	—	30,000	30,000
	—	60,000	90,000

The amounts represent long-term loans to 廣西防城港市土地儲備中心, a land authority in PRC, under entrusted loan arrangement through China Construction Bank, in the PRC. The entrusted loans were unsecured and carried fixed interests ranging from 4.5% to 4.78% per annum. During the year ended December 31, 2016, RMB30,000,000 has been early repaid.

30. DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2016		December 31, 2015		January 1, 2015	
	Assets	**Liabilities**	Assets	Liabilities	Assets	Liabilities
	RMB'000	**RMB'000**	RMB'000 (Restated)	RMB'000	RMB'000	RMB'000
Foreign currency forward contracts	**13,816**	**99,044**	31,572	137,265	33,409	60,544
Currency swap contracts	**107**	**21,437**	—	57,707	19,099	53,869
Interest rate swap contracts	**14**	**100,299**	—	163,675	134	280,593
	13,937	**220,780**	31,572	358,647	52,642	395,006
Analyzed for financial reporting purpose based on maturity dates:						
Non-current	**1,416**	**5,744**	8,346	140,634	18,137	259,984
Current	**12,521**	**215,036**	23,226	218,013	34,505	135,022
	13,937	**220,780**	31,572	358,647	52,642	395,006

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 43. 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, 2016		
Buy EUR31,000,000	From May 24, 2017 to November 22, 2017	EUR: RMB 1: 7.3216 to 1: 7.6273
Buy EUR65,817,000	From April 27, 2017 to September 19, 2018	EUR: USD 1: 1.2200 to 1: 1.2989
Buy GBP18,482,905	March 22, 2018	GBP: USD 1: 1.3500 to 1: 1.5690
Buy RMB406,536,000	January 13, 2017	RMB: EUR 1: 0.1476
Buy USD96,362,500	From March 23, 2017 to September 19, 2018	USD: RMB 1: 6.5285 to 1: 6.7798
At December 31, 2015 (Restated)		
Buy EUR316,109,000	From April 2, 2015 to November 22, 2017	EUR: RMB 1: 6.8915 to 1:7.3312
Buy EUR108,446,000	From April 27, 2016 to September 09, 2018	EUR: USD 1: 1.2200 to 1: 1.2989
Buy GBP35,358,618	March 22, 2018	GBP: USD 1:1.3500 to 1:1.5690
Buy RMB261,109,000	From January 14, 2016 to July 11, 2016	RMB: USD 1: 0.1498 to 1: 0.1581
Buy USD324,100,000	From January 11, 2016 to March 27, 2018	USD: RMB 1: 6.4450 to 1: 6.7798

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, 2015 and 2016		
EUR610,085,547	From November 22, 2017 to November 27, 2017	EUR: USD 1:1.129 to 1:1.450 EUR against USD swap rates
GBP93,862,388	March 22, 2018	GBP: USD 1:1.596 to 1:2.000 GBP against USD swap rates

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, 2016			
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

30. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Interest rate swap contracts (Continued)

Notional amounts	Commencement dates	Maturity dates	Interest rates
At December 31, 2015			
USD16,340,286	May 29, 2012	March 31, 2017	From 6 months LIBOR plus 0.375% to 1.51% per annum
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
USD25,680,000	September 21, 2011	September 21, 2016	From US$ LIBOR to 2.91% per annum

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

Restricted bank deposits mainly represent fixed rate deposits placed at banks to secure the letter of credit for suppliers.

As at December 31, 2016, the Group's cash and cash equivalents comprise cash, bank deposits and deposits in CGN Finance, which carry interest at prevailing market rates ranging from 0.0001% to 4.750% (2015: 0.0001% to 5.400%) per annum.

As at December 31, 2016, the bank deposits and deposits placed at CGN Finance, of RMB2,047,000,000 (2015 (Restated): RMB2,902,679,000), carry fixed rate interests ranging from 0.490% to 4.750% (2015: 1.550% to 4.750%) per annum with original maturity more than three months.

As at December 31, 2016, deposits placed at CGN Finance amounted to approximately RMB8,560,638,000 (2015 (Restated): RMB11,134,515,000), which includes cash and cash equivalents of RMB6,650,638,000 (2015 (Restated): RMB8,330,694,000) and deposits with original maturity more than three months of approximately RMB1,910,000,000 (2015 (Restated): RMB2,803,821,000).

32. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

In December 2016, 蘇州熱工研究院有限公司 Suzhou Nuclear Power Research Institute Co., Ltd., a direct subsidiary of the Company, entered into a sale and purchase agreement with an independent third party, 深圳市集泰實業發展有限公司 Shenzhen Jitai Industry Development Co., Ltd., to dispose of its 90% equity interest in 南京新蘇熱電有限公司 Nanjing Xinsu Thermoelectricity Co., Ltd. ("Nanjing Xinsu"), an indirect subsidiary of the Company, at the consideration of RMB127,200,000. Nanjing Xinsu is engaged in steam supply and services. As at December 31, 2016, the consideration has been received in advance (note 33). The disposal has been completed on January 20, 2017.

The Group has presented the relevant assets and liabilities of Nanjing Xinsu as held for sale as at December 31, 2016 as follows:

	RMB'000
Property, plant and equipment	8,550
Intangible assets	616
Deferred tax assets	58
Other assets	12,143
Prepaid lease payments	4,645
Prepayments and other receivables	234
Amounts due from related parties	139
Cash and cash equivalents	29,592
Assets classified as held for sale	55,977
Trade and other payables representing liabilities directly associated with assets classified as held for sale	699

33. TRADE AND OTHER PAYABLES

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Amounts due to third parties	**3,366,347**	2,712,882	1,681,773
Amounts due to fellow subsidiaries	**619,173**	647,992	80,447
Total trade payables	**3,985,520**	3,360,874	1,762,220
Receipts in advance from ultimate holding company	**1,416**	—	4,353
Receipts in advance from a joint venture	**118,236**	120,814	600
Receipts in advance from associates	**2,388,069**	1,412,397	1,037,957
Receipts in advance from fellow subsidiaries	**23,992**	30,264	27,306
Receipts in advance from a non-controlling shareholder	**—**	—	25,062
Receipts in advance from third parties	**51,236**	67,331	73,430
Total receipts in advance	**2,582,949**	1,630,806	1,168,708
Construction payables to third parties	**10,061,704**	9,896,684	9,288,421
Construction payables to fellow subsidiaries	**244,280**	458,616	120,549
Construction payables to ultimate holding company	**34,532**	58,198	42,763
Construction payables to associates	**224,411**	332,923	209,557
Construction payables to a joint venture	**7,013**	3,911	—
Construction payables to a non-controlling shareholder	**—**	—	8,598
Value-added tax and other tax payables	**1,369,020**	1,463,613	1,443,732
Staff cost payables	**50,438**	50,763	46,614
Interest on notes payable	**228,925**	237,405	353,580
Consideration receipt in advance for assets held for sale (note 32)	**127,200**	—	—
Other payables and accruals to third parties	**378,875**	265,215	414,436
Total other payables	**12,726,398**	12,767,328	11,928,250
	19,294,867	17,759,008	14,859,178

The credit period on purchases of goods ranges from 180 days to 360 days.

Other payables mainly include payable for outstanding operating expenses. The balances are unsecured, interest-free and repayable on demand.

33. 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:

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
Within 1 year	**3,985,520**	3,360,874

34. AMOUNTS DUE TO RELATED PARTIES

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Dividend payable to ultimate holding company	**—**	—	3,138,582
Dividends payable to non-controlling shareholders over the subsidiaries	**1,734,707**	1,249,276	664,650
Dividend payable to Hengjian Investment	**—**	—	368,812
Dividend payable to CNNC	**—**	—	180,717
Other payable to ultimate holding company	**5,996,661**	225,969	473,532
Other payable to a non-controlling shareholder with significant influence over the relevant subsidiary	**224,250**	—	—
Other payables to fellow subsidiaries	**94,790**	25,454	84,372
Other payables to associates	**30,443**	31,323	367,263
Other payables to a joint venture	**829**	16	2,000
	8,081,680	1,532,038	5,279,928

Saving as the amount of RMB5,536,330,000 as at December 31, 2016 payable to ultimate holding company for the acquisition of the Acquired Companies which is payable within one year, the remaining amounts are unsecured, interest-free and repayable on demand.

35. LOANS FROM ULTIMATE HOLDING COMPANY/ FELLOW SUBSIDIARIES/AN ASSOCIATE/PAYABLE TO ULTIMATE HOLDING COMPANY

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Secured	3,221,069	3,800,886	4,960,335
Unsecured	8,391,083	11,635,296	12,823,400
	11,612,152	15,436,182	17,783,735

Certain borrowings were secured by land use rights, nuclear facilities and tariff collection right of the Group. Details are shown in note 46.

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
Non-current liabilities		
Loans from a fellow subsidiary repayable after twelve months	—	3,680,000
Loans from an associate repayable after twelve months	2,989,975	3,616,486
Current liabilities		
Loans from ultimate holding company	1,025,500	2,725,500
Loans from fellow subsidiaries	3,651,242	200,000
Loans from an associate	3,945,435	3,218,275
Payable to ultimate holding company	—	1,995,921
	11,612,152	15,436,182

35. LOANS FROM ULTIMATE HOLDING COMPANY/ FELLOW SUBSIDIARIES/AN ASSOCIATE/PAYABLE TO ULTIMATE HOLDING COMPANY (Continued)

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
Repayable within one year		
– RMB loans	**8,278,594**	5,772,267
– USD loans	**342,341**	369,875
– RMB payable	**—**	1,995,921
– Euro loans	**1,242**	1,633
Repayable from one to two years		
– RMB loans	**237,878**	3,721,214
– Euro loans	**2,105**	2,092
Repayable from two to five years		
– RMB loans	**713,634**	1,314,677
– Euro loans	**6,315**	11,174
Repayable over five years		
– RMB loans	**2,008,548**	2,180,107
– USD loans	**—**	31,689
– Euro loans	**21,495**	35,533
	11,612,152	15,436,182

In 2016, the Group early repaid loans from an associate, a fellow subsidiary and ultimate holding company for a total amount of RMB4,437,006,000 (2015: RMB293,115,000), which are originally repayable after twelve months from the end of the reporting period.

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

	December 31, 2016		December 31, 2015	
	RMB'000	%	RMB'000 (Restated)	% (Restated)
Fixed rate loans and payables	**4,065,500**	**4.55**	5,828,438	4.84
Floating rate loans	**7,546,652**	**4.78**	9,607,744	5.07
	11,612,152		15,436,182	

36. BANK BORROWINGS

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Secured	**116,421,115**	112,414,836	105,602,887
Unsecured	**28,867,684**	18,080,769	16,911,401
	145,288,799	130,495,605	122,514,288

Bank borrowings were secured by certain land use rights, nuclear facilities and tariff collection right of the Group. Details are shown in note 46.

Save for bank borrowings of RMB4,196,000,000 (2015(Restated): RMB4,400,000,000) which is guaranteed by the ultimate holding company, the remaining balances are unguaranteed.

The carrying amount repayable based on repayment term is as follows:

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
Within one year	**20,806,759**	11,634,378
More than one year, but within two years	**9,864,786**	12,626,163
More than two years, but within five years	**28,376,793**	23,729,299
More than five years	**86,240,461**	82,505,765
	145,288,799	130,495,605
Less: Amounts due within one year shown under current liabilities	**(20,806,759)**	(11,634,378)
Amounts shown under non-current liabilities	**124,482,040**	118,861,227

36. BANK BORROWINGS (Continued)

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

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
EURO	**8,096,671**	12,670,213
USD	**25,433**	2,839,064
GBP	**162,112**	307,321
JPY	**—**	4,274
	8,284,216	15,820,872

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

	December 31, 2016		December 31, 2015	
	RMB'000	%	RMB'000 (Restated)	% (Restated)
Fixed rate bank borrowings	**35,243,156**	**5.09**	44,772,073	5.29
Floating rate bank borrowings	**110,045,643**	**4.47**	85,723,532	5.14
	145,288,799		130,495,605	

The floating rate bank borrowings are arranged at the interest rate based on benchmark interest rates of the PBOC or LIBOR.

36. BANK BORROWINGS (Continued)

Borrowings from a financial institution

On May 8, 2014 and May 30, 2014, Yangjiang Nuclear entered into two sales and purchases contracts of manufacturing equipment, with carrying amounts of approximately RMB816,223,000 and RMB778,275,000, with a financial institution at cash considerations of approximately RMB449,694,000 and RMB503,773,000 respectively. At the same time, Yangjiang Nuclear entered into finance lease contracts with the financial institution to lease back the manufacturing equipment. Pursuant to the finance lease agreement, the lease term is 2 years with fixed interest at 4.1% per annum and Yangjiang Nuclear could repurchase the manufacturing equipment at a nominal value of RMB1 at the end of the lease term. In the opinion of the directors, the sales and lease back arrangement is solely for financing purpose. As such, the arrangements are accounted for as borrowings secured by the manufacturing equipment.

On December 24, 2015, Yangjiang Nuclear early repaid all the balance of approximately RMB953,467,000 and repurchased the manufacturing equipment at a nominal value of RMB1 accordingly.

	December 31, 2016 RMB'000	December 31, 2015 RMB'000	January 1, 2015 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

37. NOTES PAYABLE

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	January 1, 2015 RMB'000 (Restated)
Listed and guaranteed corporate bond issued in 2002 (note a)*	**4,000,000**	4,000,000	4,000,000
Listed and guaranteed corporate bond issued in 2007 (note b)**	**2,000,000**	2,000,000	2,000,000
Listed and unguaranteed corporate bond issued in 2010 (note c)**	**2,493,568**	2,491,066	2,500,000
Listed and unguaranteed corporate bond issued in 2015 (note d)**	**—**	1,000,000	—
Unlisted and unguaranteed corporate bond issued in 2014 (note e)	**600,000**	600,000	600,000
Unlisted and unguaranteed corporate bond issued in 2014 (note e)	**1,000,000**	1,000,000	1,000,000
Unlisted and unguaranteed corporate bond issued in 2015 (note f)	**500,000**	500,000	—
Unlisted and unguaranteed corporate bond issued in 2015 (note g)	**500,000**	500,000	—
Unlisted and unguaranteed corporate bond issued in 2014 (note h)	**—**	1,500,000	1,500,000
Unlisted and unguaranteed corporate bond issued in 2016 (note i)	**500,000**	—	—
Unlisted and unguaranteed corporate bond issued in 2016 (note i)	**500,000**	—	—
Unlisted and unguaranteed corporate bond issued in 2016 (note i)	**700,000**	—	—
Unlisted and unguaranteed corporate bond issued in 2016 (note i)	**800,000**	—	—
	13,593,568	13,591,066	11,600,000
Less: Amounts due within one year shown under current liabilities	**(5,600,000)**	(2,500,000)	—
	7,993,568	11,091,066	11,600,000

37. NOTES PAYABLE (Continued)

Notes:

* The bond is listed on the Shenzhen Stock Exchange.

** These bonds are quoted on the China Interbank Bond Market.

(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 bears fixed interest at the rate of 4.50% per annum payable annually, is 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 bears fixed interest at the rate of 5.90% per annum payable annually, is 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 bears fixed interest at the rate of 4.60% per annum payable annually. The 2010 Corporate Bond will mature on May 12, 2020 at the principal amount.

(d) In 2015, the Group issued corporate bond with an aggregate principal amount of RMB1 billion (the "2015 Corporate Bond") at the issue price of 100%. The 2015 Corporate Bond bears a floating interest rate based on the benchmark interest rate for six-month deposit issued by PBOC plus 1.4%. The 2015 Corporate Bond matured on July 14, 2016 at the principal amount.

(e) On May 26, 2014 and September 26, 2014, Taishan Nuclear issued corporate bonds with an aggregate principal amount of RMB600 million and RMB1 billion (the "2014 Taishan Bonds") at its principal amount respectively. The 2014 Taishan Bonds bears fixed interest at the rate of 6.60% and 5.80% per annum payable annually and will mature on May 26, 2017 and September 26, 2017 at the principal amount.

(f) On February 13, 2015, Taishan Nuclear issued corporate bond with an aggregate principal amount of RMB500 million (the "2015 Taishan Bond") at its principal amount. The 2015 Taishan Bond bears fixed interest at the rate of 5.40% per annum payable annually and will mature on February 13, 2018 at the principal amount.

(g) On December 9, 2015, Yangjiang Nuclear issued corporate bond with an aggregate principal amount of RMB500 million (the "2015 Yangjiang Bond") at its principal amount. The 2015 Yangjiang Bond bears fixed interest at the rate of 4.05% per annum payable annually and will mature on December 9, 2018 at the principal amount.

(h) In 2014, Fangchenggang Nuclear issued corporate bond with an aggregate principal amount of RMB1,500 million (the"2014 Fangchenggang Bond") at the issue price of 100%. The 2014 Fangchenggang Bond bears fixed interest rate at the rate of 6.58% per annum payable annually, and matured on June 8, 2016 at the principal amount.

(i) On January 20, 2016, February 29, 2016, June 17, 2016 and July 19, 2016, Yangjiang Nuclear issued corporate bonds with a principal amount of RMB500 million, RMB500 million, RMB700 million and RMB800 million (the "2016 Yangjiang" Bonds) at their principal amounts respectively. The 2016 Yangjiang Bonds bear fixed interests at the rate of 3.80%, 3.75%, 3.90% and 3.54% per annum payable annually respectively and will mature on January 20, 2019, February 28, 2019, June 17, 2019 and July 19, 2019 at their principal amounts respectively.

38. DEFERRED INCOME

	RMB'000
At January 1, 2015 (Restated)	1,070,641
Government grants received	108,760
Released to profit or loss	(148,092)
At December 31, 2015 (Restated)	1,031,309
Government grants received	50,143
Released to profit or loss	(64,402)
Elimination for disposal of a subsidiary	(32,177)
At December 31, 2016	984,873

During the year, the Group received government subsidies approximately RMB50,143,000 (2015 (Restated): RMB108,760,000) 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.

39. PROVISIONS

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

	December 31, 2016 RMB'000	December 31, 2015 RMB'000	January1, 2015 RMB'000
Current liability			
Provision for spent fuel management	**1,060,000**	834,864	770,320
Non-current liabilities			
Provision for low and medium level radioactive waste management	**189,126**	167,605	155,416
Provision for nuclear power plant decommissioning	**2,278,307**	1,588,127	1,370,587
	2,467,433	1,755,732	1,526,003
	3,527,433	2,590,596	2,296,323

39. 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, 2015	770,320	155,416	1,370,587	2,296,323
Additions	834,213	11,948	78,011	924,172
Interest expense	—	—	99,338	99,338
Paid	(769,669)	—	—	(769,669)
Exchange differences	—	241	40,191	40,432
At December 31, 2015	834,864	167,605	1,588,127	2,590,596
Additions	1,061,545	14,648	507,675	1,583,868
Interest expense	—	—	131,701	131,701
Paid	(836,409)	—	—	(836,409)
Exchange differences	—	6,873	50,804	57,677
At December 31, 2016	1,060,000	189,126	2,278,307	3,527,433

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

39. PROVISIONS (Continued)

Provision for spent fuel management

Pursuant to the Interim Measures for the Administration of the Collection and Use of the Nuclear Power Plant Spent Fuel Treatment and Disposal Fund《核電站乏燃料處理處置基金徵收使用管理暫行辦法》("Measures") issued by Ministry of Finance of PRC, National Development and Reform Commission and Ministry of Industry and Information Technology of PRC, the Group is required to make contributions to a spent fuel treatment and disposal fund. For generating units that have been in operation for less than five years (inclusive) from the effective date of Measures and those to be established in the future, provisions for spent fuel disposal fund are made starting from the sixth year after they commence operations. Such fund is used by the relevant government authorities for the treatment and disposal of spent fuel, covering transportation, away-from-reactor storage and post- treatment of spent fuel. The management of the Group estimates the amount of provision for spent fuel management by taking into account the regulatory environment and government's policies relating to the storage and disposal of spent fuel fund, as well as the charge imposed by the government authorities, which is at the rate of RMB0.026 per kilowatt/hour.

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.

39. PROVISIONS (Continued)

Provision for nuclear power plant decommissioning

The provision is related to the decommissioning of nuclear power plants and losses relating to fuel in the reactor when the reactor is shut down. They are estimated on the assumption that once decommissioning is completed, the sites will be returned to their original state.

The Group has a team of experts specialized in nuclear power plant decommissioning work. The provision is estimated according to the team's research, which is based on the decommissioning activities and actual cost incurred in shutting down a nuclear facility in other jurisdiction, and adjusted for factors such as labour cost in the PRC, complexity of the technology to be applied, most recent developments in regulations in the PRC environment when estimating the cash flows for the decommissioning.

The relevant costs are estimated based on the economic conditions at the end of each reporting period, then spread over a forecast disbursement schedule of payment through application of a forecast long-term inflation rate.

The key assumptions to the decommissioning model applied by the Group include the discount rate which is a pre-tax rate taking into account the risks specific to the provision and effect of inflation based on the historical inflation rates in the PRC.

In the opinion of management of the Group, the decommissioning is expected to commence from 2034 to 2056 based on the expected useful lives of nuclear power plants.

40. SHARE CAPITAL

Details of the movement of the number of shares comprising the domestic shares and H shares are shown as below:

	Number of Domestic shares '000	Number of H Shares '000	Share capital RMB'000
Registered, issued and fully paid ordinary shares of RMB1.00 each			
At January 1, 2015, December 31, 2015 and 2016	34,285,125	11,163,625	45,448,750

41. 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	
		December 31, 2016	December 31, 2015	2016 RMB'000	2015 RMB'000 (Restated)	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
GNPJVC	PRC	25.00%	25.00%	716,144	664,482	1,416,358	1,385,201
CGN Investment	PRC	22.22%	22.22%	206,572	221,567	2,170,001	2,108,718
CGN Ninghe Investment	PRC	43.48%	43.48%	309,629	280,588	2,474,223	2,351,256
Yangjiang Nuclear	PRC	24.00%	24.00%	474,004	197,136	3,776,544	3,447,089
Taishan Nuclear	PRC	30.00%	30.00%	(85,680)	59,742	7,893,655	7,619,334
Taishan Investment	PRC	40.00%	40.00%	(54,386)	37,504	5,234,190	5,060,576
Fangchenggang Nuclear	PRC	39.00%	39.00%	38,383	(4,440)	2,247,088	2,208,705
Individually immaterial subsidiaries with non-controlling interests				33,107	53,064	151,913	283,338
				1,637,773	1,509,643	25,363,972	24,464,217

41. NON-CONTROLLING INTERESTS (Continued)

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

(a) GNPJVC

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
Current assets	**7,750,900**	7,263,652
Non-current assets	**4,838,727**	4,674,766
Current liabilities	**4,948,963**	4,578,396
Non-current liabilities	**1,975,232**	1,819,219
Equity attributable to owners of the Company	**4,249,074**	4,155,602
Non-controlling interests of GNPJVC	**1,416,358**	1,385,201

	2016 RMB'000	2015 RMB'000
Revenue	**6,620,765**	6,092,513
Profit for the year	**2,864,576**	2,657,929
Other comprehensive income for the year	**498,373**	425,375
Total comprehensive income for the year	**3,362,949**	3,083,304
Dividends paid to non-controlling interests of GNPJVC	**809,580**	742,593
Net cash inflow from operating activities	**2,906,038**	3,074,888
Net cash outflow from investing activities	**(213,407)**	(70,448)
Net cash outflow from financing activities	**(3,048,523)**	(2,560,462)
Net cash (outflow) inflow	**(355,892)**	443,978

41. NON-CONTROLLING INTERESTS (Continued)

(b) CGN Investment

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
Current assets	**604,360**	893,349
Non-current assets	**10,300,614**	9,698,211
Current liabilities	**1,138,991**	1,101,379
Non-current liabilities	**—**	—
Equity attributable to owners of the Company	**7,595,982**	7,381,463
Non-controlling interests of CGN Investment	**2,170,001**	2,108,718

	2016 RMB'000	2015 RMB'000
Revenue	**929,402**	997,202
Profit and total comprehensive income for the year	**929,668**	997,153
Dividends paid to non-controlling interests of CGN Investment	**206,572**	221,567
Net cash outflow from operating activities	**(213)**	(414)
Net cash inflow from investing activities	**616,403**	730,386
Net cash outflow from financing activities	**(616,190)**	(729,972)
Net cash flow	**—**	—

41. NON-CONTROLLING INTERESTS (Continued)

(c) CGN Ninghe Investment

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
Current assets	**641,948**	572,316
Non-current assets	**5,809,849**	5,455,834
Current liabilities	**761,311**	620,478
Non-current liabilities	**—**	—
Equity attributable to owners of the Company	**3,216,263**	3,056,416
Non-controlling interests of CGN Ninghe Investment	**2,474,223**	2,351,256

	2016 RMB'000	2015 RMB'000
Revenue	**712,007**	634,649
Profit and total comprehensive income for the year	**712,119**	645,326
Dividends paid to non-controlling interests of CGN Ninghe Investment	**309,629**	267,936
Net cash outflow from operating activities	**(257)**	(474)
Net cash inflow (outflow) from investing activities	**288,627**	(406)
Net cash (outflow) inflow from financing activities	**(288,371)**	901
Net cash (outflow) inflow	**(1)**	21

Note: Revenue for CGN Investment and CGN Ninghe Investment represents share of results of associates and joint ventures.

41. NON-CONTROLLING INTERESTS (Continued)

(d) Yangjiang Nuclear

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
Current assets	**5,984,561**	5,901,954
Non-current assets	**67,302,876**	62,077,885
Current liabilities	**11,460,722**	10,319,615
Non-current liabilities	**46,091,117**	43,297,353
Equity attributable to owners of the Company	**11,959,054**	10,915,782
Non-controlling interests of Yangjiang Nuclear	**3,776,544**	3,447,089

	2016 RMB'000	2015 RMB'000
Revenue	**7,922,401**	4,452,822
Profit and total comprehensive income for the year	**1,975,015**	821,398
Dividends paid to non-controlling interests of Yangjiang Nuclear	**514,149**	—
Net cash inflow from operating activities	**6,009,221**	2,994,550
Net cash outflow from investing activities	**(7,454,224)**	(7,995,795)
Net cash inflow from financing activities	**1,447,285**	4,796,119
Net cash inflow (outflow)	**2,282**	(205,126)

41. NON-CONTROLLING INTERESTS (Continued)

(e) Taishan Nuclear

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
Current assets	**487,933**	283,626
Non-current assets	**80,052,131**	73,216,790
Current liabilities	**6,184,872**	6,897,699
Non-current liabilities	**48,043,010**	41,204,936
Equity attributable to owners of the Company	**18,418,527**	17,778,447
Non-controlling interests of Taishan Nuclear	**7,893,655**	7,619,334

	2016 RMB'000	2015 RMB'000
Revenue	**—**	—
Other income and gains (losses)	**(285,599)**	199,140
(Loss) profit and total comprehensive expenses for the year	**(285,599)**	199,140
Dividends paid to non-controlling interests of Taishan Nuclear	**—**	—
Net cash outflow from operating activities	**(44,375)**	(43,287)
Net cash outflow from investing activities	**(4,537,098)**	(5,138,925)
Net cash inflow from financing activities	**4,577,192**	4,921,750
Net cash outflow	**(4,281)**	(260,462)

41. NON-CONTROLLING INTERESTS (Continued)

(f) Taishan Investment

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
Current assets	**499**	539
Non-current assets	**13,095,848**	12,661,507
Current liabilities	**10,872**	10,607
Non-current liabilities	**—**	—
Equity attributable to owners of the Company	**7,851,285**	7,590,863
Non-controlling interests of Taishan Investment	**5,234,190**	5,060,576

	2016 RMB'000	2015 RMB'000
Share of (loss) profit of an investee	**(135,660)**	94,592
(Loss) profit and total comprehensive income for the year	**(135,964)**	93,760
Dividends paid to non-controlling interests of Taishan Investment	**—**	—
Net cash outflow from operating activities	**(40)**	(24)
Net cash outflow from investing activities	**(570,000)**	(1,537,100)
Net cash inflow from financing activities	**570,000**	1,537,100
Net cash outflow	**(40)**	(24)

41. NON-CONTROLLING INTERESTS (Continued)

(g) Fangchenggang Nuclear

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
Current assets	**3,940,459**	3,187,217
Non-current assets	**33,962,044**	30,174,944
Current liabilities	**9,229,137**	3,886,402
Non-current liabilities	**22,911,603**	23,812,413
Equity attributable to owners of the Company	**3,514,675**	3,454,641
Non-controlling interests of Fangchenggang Nuclear	**2,247,088**	2,208,705

	2016 RMB'000	2015 RMB'000
Revenue	**2,845,977**	303
Profit and total comprehensive income for the year	**98,419**	(11,387)
Dividends paid to non-controlling interests	**—**	—
Net cash inflow (outflow) from operating activities	**1,250,686**	(33,372)
Net cash outflow from investing activities	**(2,777,545)**	(4,807,218)
Net cash inflow from financing activities	**1,385,881**	3,156,495
Net cash outflow	**(140,978)**	(1,684,095)

42. 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, fellow subsidiaries and associates, payables to ultimate holding company, borrowings from a financial institution, bank borrowings and notes payable, as disclosed in notes 35, 36 and 37 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.

43. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
Financial assets		
Derivative financial instruments classified as held for trading	13,937	31,572
Loans and receivables (including cash and cash equivalents)	17,885,152	22,104,928
Available-for-sale financial assets	195,310	195,310
	18,094,399	22,331,810
Financial liabilities		
Derivative financial instruments classified as held for trading	220,780	358,647
Amortized cost	193,748,948	175,677,394
	193,969,728	176,036,041

43. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, amounts due from/to related parties, derivative financial instruments, restricted bank deposits, cash and cash equivalents, other deposits over three months, trade and other payables, loans from/payables to an associate, fellow subsidiaries and ultimate holding company, bank borrowings and notes payable. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group is exposed to fair value interest rate risk which arises from fixed rate bank borrowings, notes payable, restricted bank deposits, deposits over three months, loans to/from fellow subsidiaries, loans from an associate, loans from/payables to ultimate holding company and interest rate swap.

As at December 31, 2016, the Group is exposed to cash flow interest rate risk which arises from floating rate bank borrowings, loans from an associate, a fellow subsidiary and ultimate holding company and cash and cash equivalents. In addition, the Group was also exposed to cash flow interest rate risk which arises from floating rate notes payable. The Group uses interest rate swap to reduce exposure to interest rate fluctuations associated with floating-rate debt. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

43. 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, notes payable, loans from an associate, a fellow subsidiary 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, notes payable, loans from an associate, a fellow subsidiary 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 RMB6,342,000 (2015 (Restated): RMB8,536,000).

If the respective benchmark interest rates had been 50 basis points higher for floating rate bank borrowings, notes payable, loans from an associate, a fellow subsidiary and ultimate holding company with all other variables held constant, the Group's post-tax profit (net of interest capitalized) for the year would decrease by:

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
From liabilities with benchmark interest rate of LIBOR	4,960	17,479
From liabilities with benchmark interest rate of PBOC	285,759	125,201
	290,719	142,680

43. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Interest rate risk (Continued)

Sensitivity analysis (Continued)

If the respective benchmark interest rates had been 50 basis points lower for floating rate bank borrowings, notes payable, loans from an associate, a fellow subsidiary and ultimate holding company with all other variables held constant, the Group's post-tax profit (net of interest capitalized) for the year would increase by:

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
From liabilities with benchmark interest rate of LIBOR	**4,960**	17,479
From liabilities with benchmark interest rate of PBOC	**285,759**	125,201
	290,719	142,680

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 RMB3,811,000 (2015: RMB14,093,000).

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 RMB1,055,000 (2015: RMB8,775,000).

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.

43. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Currency risk

The Group's exposure to currency risk is attributable to cash and cash equivalents, loan to a fellow subsidiary, trade and other receivables, trade and other payables, loans from an associate and bank borrowings which are denominated in the currencies other than the functional currency of the relevant group entities. In addition, the Group entered into foreign currency forward contracts and currency swap contracts during the year which exposed the Group to currency risk. The management manages and monitors this exposure to ensure appropriate measures are implemented on a timely and effective manner.

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities other than the functional currency of the relevant group entities at the end of the reporting period are as follows:

	Assets		Liabilities	
	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)	**December 31, 2016 RMB'000**	December 31, 2015 RMB'000 (Restated)
RMB	**2,400,269**	3,054,863	**1,310,449**	1,122,985
USD	**1,193,896**	250,402	**464,926**	3,388,588
CAD	**—**	—	**25**	—
EURO	**520,966**	256,383	**8,526,417**	13,171,454
GBP	**4,393**	14,033	**247,032**	431,135
HKD	**14,988**	100,699	**5,794**	964
JPY	**—**	—	**1,100**	5,374

43. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Currency risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on a 5% increase/decrease in functional currency of respective group entities against the relevant foreign currencies. 5% is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in the Group's post-tax profit, where functional currency of respective group entities had strengthened 5% against the relevant foreign currency. For a 5% weakening of functional currency of respective group entities against the relevant foreign currency, there would be an equal and opposite impact on the profit for the year.

	2016 RMB'000	2015 RMB'000 (Restated)
Increase (decrease) in the Group's profit for the year		
– if USD strengthens against RMB	**(46,317)**	(82,105)
– if RMB strengthens against USD	**(27,336)**	156,909
– if RMB strengthens against EURO	**400,273**	645,754
– if RMB strengthens against GBP	**10,312**	17,727
– if RMB strengthens against HKD	**(345)**	(3,740)
– if RMB strengthens against JPY	**55**	269

43. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Currency risk (Continued)

Sensitivity analysis (Continued)

In relation to foreign currency forward contracts:

If the forward exchange rate had been 5% higher and all other variables were held constant, the Group's post-tax profit for the year would decrease by approximately RMB45,529,000(2015: RMB51,436,000).

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 RMB25,189,000 (2015: RMB73,436,000).

In relation to the currency swap contracts:

If the exchange rate of the currency swap contracts had been 5% higher and all other variables were held constant, the Group's post-tax profit for the year would increase by approximately RMB60,407,000 (2015: RMB53,840,000).

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 RMB102,782,000 (2015: RMB121,263,000).

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.

43. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risk

The Group is exposed to other price risk through its available-for-sale investments. As their fair value cannot be measured reliably, they are stated at cost less impairment at the end of the reporting period and excluded in the Group's sensitivity analysis.

Credit risk

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

The Group has concentration of credit risk as 92.17% (2015 (Restated): 92.44%) of the total trade receivables was due from the Group's largest customers in PRC and Hong Kong at the end of the reporting period. The Group's remaining customers individually contribute less than 10% of the total trade receivables of the Group.

In the opinion of management, the Group has no significant credit risk with these largest customers as the Group maintains long-term and stable business relationships with these companies. For other trade and other receivables, the management of the Group performs an ongoing individual credit evaluation of their customers' and counterparties' financial conditions, and is of the opinion that the outstanding debts are recoverable.

The Group has concentration of credit risk on amounts due from the ultimate holding company 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.

43. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

In addition, the Group has concentration of credit risk arising from derivative financial instruments which are deposited or contracted with several banks and financial institutions.

The credit risk on liquid funds and derivative financial instruments are limited because the counterparties are banks and financial institutions with good reputation.

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

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents as well as undrawn banking and loan facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and notes payable to ensure compliance with loan covenants.

43. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The directors of the Company have given consideration to the future liquidity of the Group in light of the fact that the Group had net current liabilities of RMB21,343,033,000 as at December 31, 2016. 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 RMB96,738,584,000 (2015 (Restated):RMB86,301,220,000). In this regard, the directors of the Company consider that the Group's liquidity risk is significantly reduced and are satisfied that the Group will be able to meet in full its financial obligations as they fall due the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going-concern basis.

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.

43. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate %	Repayable on demand or less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB0'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At December 31, 2016						
Trade and other payables	N/A	15,172,749	–	–	15,172,749	15,172,749
Amounts due to related parties	N/A	8,081,680	–	–	8,081,680	8,081,680
Notes payable	4.79%	6,190,223	6,890,454	2,116,033	15,196,710	13,593,568
Loans from ultimate holding company						
– floating rate	3.92%	234,255	–	–	234,255	225,500
– fixed rate	3.70%	828,101	–	–	828,101	800,000
Loans from fellow subsidiaries						
– floating rate	4.09%	2,076,106	–	–	2,076,106	2,001,242
– fixed rate	4.91%	1,716,081	–	–	1,716,081	1,650,000
Loans from an associate						
– floating rate	5.07%	3,139,070	1,314,450	2,022,003	6,475,523	5,319,910
– fixed rate	4.59%	1,110,901	278,788	552,171	1,941,860	1,615,500
Bank borrowings						
– floating rate	4.47%	15,458,286	47,597,403	100,091,526	163,147,215	110,045,643
– fixed rate	5.09%	11,167,713	13,608,529	22,104,321	46,880,563	35,243,156
		65,175,165	69,689,624	126,886,054	261,750,843	193,748,948
Derivatives - net settlement						
Foreign currency forward contracts		94,563	4,751	–	99,314	99,044
Currency swaps		20,517	1,073	–	21,590	21,437
Interest rate swaps		103,585	–	–	103,585	100,299
		218,665	5,824	–	224,489	220,780

43. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average effective interest rate %	Repayable on demand or less than 1 year RMB'000	1 to 5 years RMB'000	Over 5 years RMB0'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At December 31, 2015 (Restated)						
Trade and other payables	N/A	14,622,503	—	—	14,622,503	14,622,503
Amounts due to related parties	N/A	1,532,038	—	—	1,532,038	1,532,038
Notes payable	5.06%	3,120,096	10,252,108	2,235,672	15,607,876	13,591,066
Loans from ultimate holding company						
– floating rate	5.96%	1,957,952	—	—	1,957,952	1,925,500
– fixed rate	3.70%	830,073	—	—	830,073	800,000
Payable to ultimate holding company						
– fixed rate	5.93%	2,092,600	—	—	2,092,600	1,995,921
Loans from a fellow subsidiary						
– floating rate	3.35%	506,913	3,800,937	—	4,307,850	3,880,000
Loans from an associate						
– floating rate	4.07%	3,306,982	288,787	798,559	4,394,328	3,802,244
– fixed rate	5.40%	178,063	1,743,195	2,991,271	4,912,529	3,032,517
Bank borrowings						
– floating rate	5.14%	9,524,170	41,368,284	100,125,757	151,018,211	85,723,532
– fixed rate	5.29%	8,593,575	16,779,452	49,622,329	74,995,356	44,772,073
		46,264,965	74,232,763	155,773,588	276,271,316	175,677,394
Derivatives - net settlement						
Foreign currency forward contracts		111,368	28,121	—	139,489	137,265
Currency swaps		15,335	42,967	—	58,302	57,707
Interest rate swaps		94,740	74,344	—	169,084	163,675
		221,443	145,432	—	366,875	358,647

43. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

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.

Fair value measurement

Fair value measurement for financial instruments not measured at fair value on a recurring basis

The fair value of the 2002 Corporate Bond is approximately RMB4,000,040,000 as at December 31, 2016 (December 31, 2015: RMB4,088,000,000), which is determined based on the quoted market price (Level 1).

The fair value of the other 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 approximate their fair values.

43. 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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these instruments are determined:

Financial assets/liabilities	Fair value as at December 31, 2016 Assets RMB'000	Fair value as at December 31, 2016 Liabilities RMB'000	Fair value as at December 31, 2015 Assets RMB'000 (Restated)	Fair value as at December 31, 2015 Liabilities RMB'000	Fair value hierarchy	Valuation technique and key inputs
Foreign currency forward contracts (see note 30)	13,816	99,044	31,572	137,265	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

43. 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 December 31, 2016 Assets RMB'000	Fair value as at December 31, 2016 Liabilities RMB'000	Fair value as at December 31, 2015 Assets RMB'000 (Restated)	Fair value as at December 31, 2015 Liabilities RMB'000 (Restated)	Fair value hierarchy	Valuation technique and key inputs
Currency swap contracts (see note 30)	107	21,437	—	57,707	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

43. 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 December 31, 2016 Assets RMB'000	Fair value as at December 31, 2016 Liabilities RMB'000	Fair value as at December 31, 2015 Assets RMB'000 (Restated)	Fair value as at December 31, 2015 Liabilities RMB'000 (Restated)	Fair value hierarchy	Valuation technique and key inputs
Interest rate swap contracts (see note 30)	14	100,299	—	163,675	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

There were no transfer amount level 1, 2 and 3 during both years.

44. CAPITAL COMMITMENTS

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
Capital expenditure in respect of acquisition and construction of property, plant and equipment contracted for but not provided in the consolidated financial statements	**4,563,779**	6,842,303

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

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
Capital expenditure in respect of acquisition and construction of property, plant and equipment contracted for but not provided in the consolidated financial statements	**1,295,850**	1,258,881

45. 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:

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
Within one year	177,615	120,244
In the second to fifth years inclusive	406,156	339,147
Over five years	154,749	128,730
	738,520	588,121

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 16 years.

The Group as lessor

During the year, rental income earned by the Group from its investment properties for approximately RMB21,849,000 (2015 (Restated): RMB36,216,000).

All of the properties leased out have committed tenants for 1 to 12 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:

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
Within one year	11,751	14,578
In the second to fifth years inclusive	22,883	29,869
Over five years	13,078	54,710
	47,712	99,157

46. PLEDGE OF ASSETS

At the end of reporting period, assets with the following carrying amounts were pledged to banks and related parties to secure loans from banks and related parties granted to the Group:

	Notes	**December 31, 2016 RMB'000**	December 31, 2015 RMB'000 (Restated)
Property, plant and equipment	15	**17,059,177**	17,319,547
Trade receivables from grid companies	25	**1,803,953**	2,238,869
Prepaid lease payments	22	**116,929**	63,486
Bank deposits		**6,400**	11,475
Interests in an associate	18	**4,188,965**	3,628,055
		23,175,424	23,261,432

At December 31, 2016 and 2015, trade receivables from grid companies of Lingdong Nuclear, Yangjiang Nuclear, Taishan Nuclear, Ling'ao Nuclear and Fangchenggang Nuclear were pledged to secure the banking facilities, loans from banks and related parties.

47. 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:

	2016 RMB'000	2015 RMB'000 (Restated)
Revenue of construction income from fellow subsidiaries*	**375,823**	114,121
Revenue of construction income from a joint venture*	**761,509**	1,251,810
Revenue of construction income from an associate*	**1,440,214**	1,626,915
Revenue of construction income from ultimate holding company*	**195,226**	36,322
Sales of equipment and other goods to ultimate holding company*	**90**	976
Sales of equipment and other goods to fellow subsidiaries*	**184,540**	236,402
Sales of equipment and other goods to a joint venture*	**140,783**	59,995
Sales of equipment and other goods to an associate*	**30,898**	53,705
Sales of electricity to a non-controlling shareholder with significant influence over the relevant subsidiary	**5,166,074**	4,791,981
Technical and training service revenue from an associate of CGNPC*	**203,843**	—
Technical and training service revenue from fellow subsidiaries*	**56,683**	45,602
Technical and training service revenue from ultimate holding company*	**47,567**	20,887
Technical and training service revenue from a joint venture*	**395,482**	411,307
Technical and training service revenue from an associate*	**297,242**	381,911
Purchase of nuclear fuel from a fellow subsidiary	**1,934,497**	2,092,397
Construction cost payable to and acquisition of property, plant and equipment from fellow subsidiaries	**286,041**	285,171
Purchase of goods or rendering of service from a non-controlling shareholder with significant influence over the relevant subsidiary	**23,075**	31,843
Purchase of goods or rendering of service from ultimate holding company	**98,831**	45,859
Purchase of goods or rendering of service from fellow subsidiaries	**1,172,733**	779,393
Purchase of goods or rendering of service from an associate	**1,777**	624
Rental income from ultimate holding company	**—**	246
Rental income from fellow subsidiaries	**3,112**	21,600
Rental income from an associate	**2,924**	2,620

* Represented revenue from related parties which are also under control by the PRC Government amounting to RMB4,129,900,000 (2015 (Restated): RMB4,239,953,000) in aggregate for the year ended December 31, 2016.

In 2016, the Group disposed certain investment properties to a fellow subsidiary. The consideration was approximately RMB116,582,000, and the Group recognized gain on disposal of investment properties amounting to RMB64,846,000.

47. RELATED PARTY TRANSACTIONS (Continued)

(b) Acquisition of equity interests from related parties

In 2016, the Group acquired the Acquired Companies from the ultimate holding company. Details are set out in note 2.

In 2015, the Group acquired 12.5% equity interest in Taishan Nuclear and 60% equity interest in Taishan Investment from the ultimate holding company.

(c) Disposal of equity interests to related party

In 2015, the Group disposed of all of its 22.1% interest in an associate, Jiangsu Baoyin Special Steel Co., Ltd., to a fellow subsidiary for cash proceeds of RMB358,208,000.

In 2016, the Group disposed of all of its 60% interest in a subsidiary, China Techenergy Co., Ltd. to a fellow subsidiary for cash proceeds of RMB107,829,000. Details are set out in note 49.

(d) Compensation of key management personnel

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

	2016 RMB'000	2015 RMB'000
Short-term benefits	13,467	7,203
Post-employment benefits	583	438
	14,050	7,641

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

47. RELATED PARTY TRANSACTIONS (Continued)

(e) Significant transactions with other government-related entities

The Group is ultimately controlled by the PRC government and the Group operates in an economic environment predominated by the entities controlled, jointly controlled or significantly influenced by the PRC government.

In addition to transactions and balances with ultimate holding company, fellow subsidiaries, associates, joint ventures and non-controlling shareholders with significant influence over the relevant subsidiaries disclosed in note 47(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:

	2016 RMB'000	2015 RMB'000 (Restated)
Sales of electricity to power grids	22,948,559	16,750,368
Service fee for disposal of spent fuel	1,061,545	834,213
Sales of materials	—	164,597

	December 31, 2016 RMB'000	December 31, 2015 RMB'000 (Restated)
Trade receivables	2,551,941	2,349,944

The transactions conducted with government-related entities are based on terms as set out in the underlying agreements, based on statutory rates (in the case of sales of electricity) or market prices or actual cost incurred, or as mutually agreed.

The Group has entered into various transactions, including deposits placements, borrowings (other than notes payable) and other general banking facilities, with banks and financial institution which are government-related entities. Thus, the related interest income and expenses are with government-related entities.

48. CASH-SETTLED SHARE-BASED PAYMENT

The Group has set up an H-share Appreciation Rights Scheme ("SAR") for core staff who exert significant impact on the Company's strategic target, including certain Directors, senior management (excluding independent non-executive Directors and external Directors) and core technical and management staff of the Company who have exerted direct influence on the overall results and sustainable development of the Company ("Incentive Recipients"). SAR was approved at the annual general meeting of the Company on June 12, 2015. Supervisors of the Company are not Incentive Recipients. The initial implementation plan of the SAR was approved by the board of the directors of the Company on November 5, 2015. Pursuant to the Scheme, 218,880,000 units of SAR were granted to Incentive Recipients of the Group at the exercise price of HKD3.50 per unit on November 5, 2015. Each unit of SAR is notionally linked to one H Share and represents the rights conferred on the relevant Incentive Recipients to receive in cash stipulated earnings from the increase in market value of the relevant H share. However, no H Shares will actually be issued to any Incentive Recipients. One third of the total number of SAR are vested entitled on December 19, 2016, one third of the total number of SAR are vested entitled on December 18, 2017 and the remaining one third of the total number of SAR are vested entitled on December 18, 2018. The SARs will have certain services periods and 3 years after the respective vesting dates. In addition, the exercise of SAR is also subject to the performance condition of the Group and Incentive Recipients including achievements of certain performance targets.

The fair value of the SAR is approximately RMB48,992,000 (2015:RMB127,738,000), which was calculated using Black-Scholes pricing model. The inputs into the model were as follows:

	SAR	SAR
	December 31, 2016	December 31, 2015
Fair value at measurement date (in HKD)	**0.19 - 0.31**	0.63 - 0.73
Share price (in HKD)	**2.13**	2.90
Exercise price (in HKD)	**3.50**	3.50
Expected volatility	**37.36 - 37.60%**	36.38 - 38.89%
Expected life	**2.96 - 4.96 years**	3.96 - 5.96 years
Expected dividend yield	**2.338%**	1.530%
Risk-free interest rate	**1.273 - 1.553%**	0.897 - 1.173%

Expected volatility was determined with reference to the historical volatility of the Company's and other listed electricity generation companies' share prices. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability exercised restrictions and behavioural considerations.

At December 31, 2016, the Group has recorded liabilities of RMB28,708,000 (2015: RMB10,690,000). The Group recognized a total expense of RMB18,018,000 for the year ended December 31, 2016 (2015: RMB10,690,000) in relation to SAR approved by the Group. There was no lapse or exercise of SAR for both years.

49. DISPOSALS OF SUBSIDIARIES

In October 2016, the Group disposed of all of its 60% of equity interest in China Techenergy Co., Ltd. to a fellow subsidiary at a cash consideration of RMB107,829,000.

Assets and liabilities of China Techenergy Co., Ltd. at the date of disposal were as follows:

	Carrying amount RMB'000
Property, plant and equipment	94,262
Intangible assets	250,991
Deferred tax assets	3,836
Inventories	156,291
Trade and bills receivables	191,712
Prepayments and other receivables	12,137
Amount due from related parties	554
Cash and cash equivalents	52,398
Trade and other payables	301,866
Amounts due to related parties	219,913
Bank borrowings - due within one year	10,013
Deferred income	32,177
Net assets disposed of	198,212
Consideration received	107,829
Non-controlling interests	52,044
Loss on disposal	(38,339)

	RMB'000
Analysis of net inflow of cash and cash equivalents in respect of the disposal of China Techenergy Co., Ltd.:	
Consideration received	107,829
Cash and cash equivalents disposed of	(52,398)
	55,431

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of establishment	Registered capital December 31, 2016	Registered capital December 31, 2015	Equity interests attributable to the Group December 31, 2016	Equity interests attributable to the Group December 31, 2015	Principal activities
CNPRI*	PRC	RMB845,550,000	RMB845,550,000	100%#	100%#	Nuclear power technology development and management service
GNIC*	PRC	RMB16,000,000,000	RMB16,000,000,000	100%#	100%#	Investment holding and sales of electricity
GNPJVC**	PRC	USD400,000,000	USD400,000,000	75%##	75%##	Nuclear power generation
Ling'ao Nuclear*	PRC	RMB3,323,224,000	RMB3,323,224,000	100%#	100%#	Nuclear power generation
Lingdong Nuclear*	PRC	RMB5,348,000,000	RMB5,348,000,000	100%#	100%#	Nuclear power generation
Yangjiang Nuclear*	PRC	RMB14,646,000,000	RMB13,106,000,000	76%#	76%#	Nuclear power generation
CGN Investment*	PRC	RMB100,000,000	RMB100,000,000	77.78%#	77.78%#	Investment holding
CGN Ninghe Investment*	PRC	RMB100,000,000	RMB100,000,000	56.52%#	56.52%#	Investment holding
Taishan Nuclear**	PRC	RMB24,400,000,000	RMB23,200,000,000	70%#	70%#	Nuclear power generation
Taishan Investment*	PRC	RMB30,000,000	RMB30,000,000	60%#	60%#	Investment holding
CGN Engineering*	PRC	RMB1,286,000,000	RMB1,286,000,000	100%#	100%#	Construction and maintenance services for nuclear power stations
Fangchenggang Nuclear*	PRC	RMB5,850,000,000	RMB5,850,000,000	61%#	61%#	Nuclear power generation
Lufeng Nuclear*	PRC	RMB840,000,000	RMB840,000,000	100%#	100%#	Nuclear power generation

* Limited liability company established in the PRC.
** A sino-foreign joint venture with limited liability.
\# The subsidiary is directly held by the Company.
\## The subsidiary is indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all the subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Saving for Yangjiang Nuclear and Taishan Nuclear, none of the subsidiaries of the Company had issued any debt securities at the end of the year.

51. 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 2016	2015
Nuclear power technology development	PRC	2	2
Nuclear power generation	PRC	3	3
Nuclear power operating and consulting services	PRC	2	2
Nuclear power technology development and management service	PRC	2	2
Environmental protection of nuclear power	PRC	1	1
Investment holding and sales of electricity	PRC	1	1
Construction and maintenance seniors for nuclear power stations	PRC	1	1
Agent of import and export	PRC	1	1
Inactive	PRC	1	1
		14	14

Principal activity	Place of establishment and operation	Number of non-wholly-owned subsidiaries 2016	2015
Investment holding	PRC	3	3
Nuclear power generation	PRC	4	4
Nuclear power technology development	PRC	1	1
Maintenance services for nuclear power station	PRC	2	2
Management of nuclear power station	PRC	1	1
Construction and maintenance services for nuclear power stations	PRC	1	2
Inactive	PRC	1	1
		13	14

52. EVENT AFTER THE REPORTING PERIOD

In December 2016, the Group's subsidiary, CGN Ninghe Investment entered into an agreement with 大唐國際發電股份有限公司 Datang International Power Generation Co., Ltd. ("Datang International") to act in concert over the decisions directing the relevant activities of Ningde Nuclear, of which Datang International will vote in same direction with CGN Ninghe Investment during the shareholders' meetings and board of directors of Ningde Nuclear. The Group has the ability to direct the relevant activities of Ningde Nuclear.

The agreement is effective on January 1, 2017. Ningde Nuclear became a subsidiary of the Group effective from January 1, 2017. At the date of approving the issue of this report, the Group is in the process to measure the identifiable assets acquired and the liabilities assumed at the acquisition-date fair values.

53. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	117,648	78,501
Intangible assets	320,775	132,275
Investments in subsidiaries	74,195,314	64,024,220
Investment in an associate	1,981,983	1,898,627
Loan to a subsidiary	4,000,000	4,000,000
Deposits for property, plant and equipment	1,736	2,494
	80,617,456	70,136,117
CURRENT ASSETS		
Trade receivables	545,212	378,997
Prepayments and other receivables	23,946	28,643
Amounts due from related parties	6,985,536	9,255,417
Loans to subsidiaries	11,746,000	9,990,000
Cash and cash equivalents	3,299,429	5,070,432
Other deposits over three months	100,000	198,858
	22,700,123	24,922,347

Notes to the Consolidated Financial Statements

For the year ended December 31, 2016

53. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

	December 31, 2016 RMB'000	December 31, 2015 RMB'000
CURRENT LIABILITIES		
Trade and other payables	**519,542**	326,950
Amounts due to related parties	**5,574,688**	76,875
Loans from ultimate holding company	**800,000**	800,000
Loans from fellow subsidiaries	**1,000,000**	—
Loans from subsidiaries	**2,227,840**	2,509,657
Payable to ultimate holding company	**—**	1,995,921
Notes payable - due within one year	**4,000,000**	1,000,000
Derivative financial instruments	**100,299**	90,839
	14,222,369	6,800,242
NET CURRENT ASSETS	**8,477,754**	18,122,105
TOTAL ASSETS LESS CURRENT LIABILITIES	**89,095,210**	88,258,222
NON-CURRENT LIABILITIES		
Notes payable - due after one year	**4,493,568**	8,491,066
Derivative financial instruments	**—**	71,033
Staff cost payables	**9,601**	3,364
	4,503,169	8,565,463
NET ASSETS	**84,592,041**	79,692,759
CAPITAL AND RESERVES		
Share capital	**45,448,750**	45,448,750
Reserves	**39,143,291**	34,244,009
TOTAL EQUITY	**84,592,041**	79,692,759

53. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's share capital and reserves

	Share capital RMB'000	Capital reserve RMB'000 (note)	Statutory surplus reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
At January 1, 2015	45,448,750	26,703,664	500,110	812,879	73,465,403
Acquisition of equity interests under common control	—	232,830	—	—	232,830
Dividend declared	—	—	—	(113,625)	(113,625)
Appropriation of general reserve	—	—	610,815	(610,815)	—
Profit and total comprehensive income for the year	—	—	—	6,108,151	6,108,151
At December 31, 2015	45,448,750	26,936,494	1,110,925	6,196,590	79,692,759
Dividend declared	—	—	—	(1,908,814)	(1,908,814)
Appropriation of general reserve	—	—	680,810	(680,810)	—
Profit and total comprehensive income for the year	—	—	—	6,808,096	6,808,096
At December 31, 2016	45,448,750	26,936,494	1,791,735	10,415,062	84,592,041

Note:

Capital reserves of the Company represents the excess of fair value of assets and liabilities transferred from CGNPC to the Company at March 25, 2014 and cash paid for subscription of ordinary shares less the par value of issued ordinary shares deducted by share issue costs.

Company Information

Differences in Accounting Data between the PRC Accounting Standards for Business Enterprises and IFRSs

The differences between the profit attributable to owners of the Company and the equity attributable to owners of the Company in the consolidated financial statements of the financial report disclosed by the Group in accordance with the PRC Accounting Standards for Business Enterprises and IFRSs are as follows:

	Profit attributable to owners of the Company		Equity attributable to owners of the Company	
	2016 RMB'000	2015 RMB'000 (Restated)	**December 31, 2016 RMB'000**	December 31, 2015 RMB'000 (Restated)
In accordance with the PRC Accounting Standards for Business Enterprises	**7,404,904**	6,713,620	**55,463,627**	59,622,132
Items and amounts adjusted in accordance with the IFRSs:				
Capitalisation adjustment for foreign exchange gains of foreign currency borrowings (a)	**(162,210)**	281,899	**1,071,074**	1,233,284
Safe production expenses (b)	**44,240**	33,864	**—**	—
In accordance with the IFRSs	**7,286,934**	7,029,383	**56,534,701**	60,855,416

The reasons for the differences are described below:

(a) In accordance with the PRC Accounting Standards for Business Enterprises, the exchange differences of the principal and interest of foreign currency borrowings should be capitalised and accounted for as the costs of the assets eligible for capitalisation. In accordance with the IFRSs, only the part of the exchange differences arising from the interest expense adjustment for foreign currency borrowings can be capitalised, the rest is accounted for through profit or loss for the period.

(b) Pursuant to the relevant PRC regulations for construction companies, the Group's subsidiary, 中廣核工程有限公司 China Nuclear Power Engineering Co., Ltd. is required to set aside an amount to maintenance, improvement and other similar funds. The funds can be used for maintenance and improvements of safety at the construction sites, and are not available for distribution to owners of the subsidiaries. The funds can be accrued through profit and loss in accordance with the PRC Accounting Standards for Business Enterprises. In accordance with the IFRSs, only the funds utilized can be recorded through profit and loss.

Other Information

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Auditor

Deloitte Touche Tohmatsu
35/F, One Pacific Place, 88 Queensway,
Hong Kong

Legal Advisors

Hong Kong Law
King & Wood Mallesons
13/F, Gloucester Tower, The Landmark,
15 Queen's Road Central, Hong Kong

PRC Law
King & Wood Mallesons
28/F, Landmark, 4028 Jintian Road, Futian District,
Shenzhen, PRC

Principal Bankers

China Development Bank Corporation
(Shenzhen Branch)
11/F – 15/F, Citic Building,
1093 Shennan Zhong Road,
Futian District, Shenzhen,
Guangdong Province, PRC

Bank of China Limited (Shenzhen Branch)
International Finance Building,
2022 Jianshe Road, Luohu District, Shenzhen,
Guangdong Province, PRC

Industrial and Commercial Bank of China Limited
(Shenzhen Branch)
1/F, North Tower, World Financial Centre,
4003 Shennan East Road, Luohu District, Shenzhen,
Guangdong Province, PRC

Agricultural Bank of China Limited
(Shenzhen Branch)
5008 Shennan East Road, Luohu District, Shenzhen,
Guangdong Province, PRC

Postal Savings Bank of China Co., Ltd.
(Shenzhen Branch)
43/F, Postal Information Complex Building,
5055 Yitian Road, Futian District, Shenzhen,
Guangdong Province, PRC

Company Information

Contact Us

Annual Report

This Annual Report was available on our website at www.cgnp.com.cn on April 6, 2017 and posted on April 7, 2017 to Shareholders who have elected to receive corporate communications from the Company in printed form.

Those Shareholders who (a) received our 2016 Annual Report electronically and would like to receive a printed copy or vice versa; or (b) received a printed copy of our 2016 Annual Report in either English or Chinese language only and would like to receive a printed copy of the other language version or to receive printed copies of both language versions in the future, are requested to write to the Company or the Company's Registrar.

Shareholders may at any time change their choice of the language version or means of receipt of the Company's corporate communications free of charge by notice in writing to the Company or the Company's Registrar.

Annual General Meeting

The AGM is scheduled to be held in May 2017, and the relevant details (including shareholders' right to demand a poll) are set out in the circular despatched to Shareholders together with a proxy form on April 7, 2017.

Transfer of Shares

For the purposes of receiving final cash dividends and attending the AGM, the details of the procedures of registration of shares and book closure dates are set out in the circular despatched to shareholders of the Company on April 7, 2017.

H Share Registrar

Computershare Hong Kong Investor Services Limited
Address: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

Our Stock Name and Stock Code

Stock Name: CGN Power
Stock Code: HKSE 1816

Contact Details

18/F, South Tower, CGN Building, No.2002 Shennan Road, Futian District, Shenzhen, Guangdong Province, China

Postal Code:518026
Telephone: (86) 755 84430888
Facsimile: (86) 755 83699089
E-mail: IR@cgnpc.com.cn
Website: www.cgnp.com.cn

FEEDBACK FORM

Dear Reader:

Thank you for reading the 2016 Annual Report published by CGN Power. For our continuous improvement in preparation of such reports in future, we attach great importance to and would like to hear your comments on our 2016 Annual Report.

You are welcomed to complete the following form and return the same to us by e-mail, fax or post. We would like to express our deepest gratitude for your valuable comments!

1. Feedback Form (please tick "√" where appropriate)

	I can easily understand the contents				I can get useful information			
	Strongly agree	Agree	Disagree	Strongly Disagree	Strongly agree	Agree	Disagree	Strongly Disagree
Business at a glance for the year								
Chairman's Statement								
President's Review								
Shareholders' Value								
Finance, Assets and Investment								
Financial Performance and Analysis								
Assets and Investment								
Business Performance and Analysis								
Industry Overview								
Business Performance and Analysis								
Future Outlook								
Capitals								
Production Capital								
Intellectual Capital								
Human Capital								
Financial Capital								
Environmental Capital								
Social and Relationship Capital								
Corporate Governance								
Board of Directors, Supervisory Committee and Senior Management								
Corporate Governance Report								
Directors' Report								
Report of Audit and Risk Management Committee								
Report of Remuneration Committee								
Report of Nomination Committee								
Report of Nuclear Safety Committee								
Report of Supervisory Committee								
Risk Management Report								
Financial Report								
Company Information								
Overall Rating of the Annual Report								

2. Which parts of the Annual Report are you most interested in?

3. What additional information do you expect to be provided in the Annual Report?

4. Any other comments/suggestions?

Please provide your information* below if you so wish:

Name:

Work Unit:

Tel:

E-mail:

* *Your personal data provided in this form may be used in connection with our management of your request, inquiry, comments or suggestions, or conducting or publishing statistical and data analysis. Your supply of personal data is on a voluntary basis. However, we may not be able to follow up your request or inquiry unless you provide us with your personal data.*

Your personal data will not be transferred to any third party.

Your personal data will be retained for such period as may be necessary for the above purposes and its directly related purpose(s) and will be destroyed within two years after the date of receipt of your personal data.

Our Contact Details:

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如在本港投寄毋須貼上郵票。

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香港中央證券登記有限公司
Freepost No. 37 簡便回郵號碼
Hong Kong香港

CGN Power

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

本年度報告以環保紙張印製。
This annual report is printed on environmentally friendly paper.