

中广核  CGN

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

* For identification purpose only

PASS ON FOR GENERATIONS

2021 ANNUAL REPORT



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This 2021 Annual Report ("Annual Report") is the eighth annual report of CGN Power Co., Ltd. * ("CGN Power", the "Company", "we" or "us") 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. 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 18, 2019 and referred to other relevant documents 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 2021)" of China Securities Regulatory Commission (the "CSRC") as published on June 28, 2021.

For continuous improvement of the quality of annual reports, we welcome valuable advice on the contents and formats of this Annual Report. Please give us feedback by filling out the feedback form 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 2020 Annual Report of the Company dated April 12, 2021. This Annual Report has been prepared in Chinese and English respectively. In case of discrepancy, the Chinese version shall prevail.

For 2021, we continue to publish the Environmental, Social and Governance Report (the "ESG Report") separately to report to the community, the public, shareholders and all relevant parties on more environmental, social and governance practices in 2021. For details, please refer to the 2021 Environmental, Social and Governance Report (the "2021 ESG Report") published on our website at www.cgnp.com.cn on March 18, 2021.

Business at a Glance for the Year

CGN Power Co., Ltd. was established on March 25, 2014, listed on the Main Board of the Hong Kong Stock Exchange on December 10, 2014, and listed on the Shenzhen Stock Exchange (“SZSE”) on August 26, 2019.

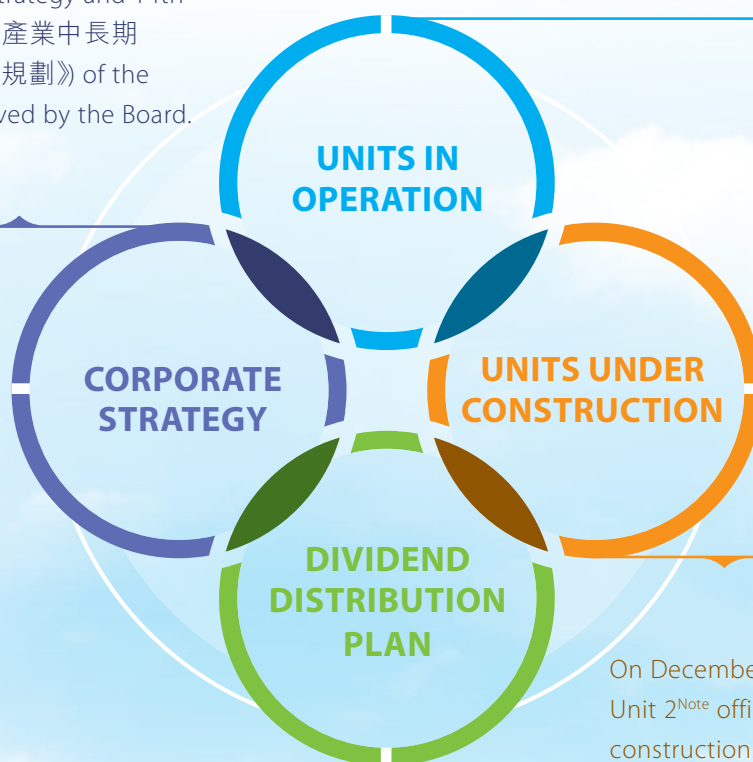
CGN Power is the sole platform for nuclear power generation of China General Nuclear Power Corporation (中國廣核集團有限公司) (“CGNPC”). We build, operate and manage nuclear power plants (“NPP(s)”), sell electricity generated by these NPPs, and organize to develop the design and research & development (“R&D”) of NPPs.

Based on our principle of “Safety First, Quality Foremost, Pursuit of Excellence” and our work style focusing on “Strict Compliance, Prudent Decision-making, Detail-oriented and Fact-based Approach”, we are committed to nuclear power-based electricity supply and services, to create the best benefits for our customers, shareholders, employees and society, and strive to become a world-class nuclear power supplier and service provider with international competitiveness.

2021 Major Events

On August 26, 2021, the Nuclear Energy Industry Medium and Long-term Development Strategy and 14th Five-Year Plan 《核能產業中長期發展戰略及“十四五”規劃》 of the Company was approved by the Board.

On July 31, 2021, Hongyanhe Unit 5 commenced commercial operation.



On December 30, 2021, Cangnan Unit 2^{Note} officially commenced construction.

On May 26, 2021, the Dividend Distribution Plan for the Coming Five Years (2021-2025) of the Company was approved at the 2020 AGM.

Note: The nuclear power generating units under construction managed by the Group as entrusted by the controlling shareholder.

Business at a Glance for the Year

Key Data for 2021

ON-GRID POWER
GENERATION:201,150.85^{Gwh}EMISSION REDUCTION
CONTRIBUTION:

Reduction of standard coal consumption of approximately

16,735.75 ten thousand tons

CO₂ emission for on-grid power generation (including our associates) in 2021

REVENUE

RMB
80,678.7 million,

 increasing from 2020 by **14.30%**

DIVIDEND

Dividend per Share RMB
0.084 (tax inclusive)

 increasing from 2020 by **5.00%**
EARNINGS BEFORE
INTEREST, TAX,
DEPRECIATION AND
AMORTIZATION (EBITDA)RMB
36,757.6 million

 increasing from 2020 by **1.95%**

25 GENERATING UNITS IN OPERATION:

with an installed capacity of **28,261** MW



7 GENERATING UNITS UNDER CONSTRUCTION^{NOTE}

with an installed capacity of **8,299** MW



EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION (EBITDA)

(excluding the effect of non-recurring gains or losses ^{Note})

RMB
36,762.7 million

↑ increasing from
2020 by
2.48%

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

RMB
9,732.6 million

↑ increasing from
2020 by
1.78%

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY

(excluding the effect of non-recurring gains or losses)

RMB
9,729.9 million

↑ increasing from
2020 by
3.42%

Note: For the details of non-recurring gains or losses, please refer to the notes to the financial statements in this report.

Business at a Glance for the Year

Financial Highlights

Highlights of consolidated income statement

| | Year ended December 31, | | | | |
|---|-------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 Restated* |
| Operating revenue | 80,678,744,757.95 | 70,584,710,557.13 | 60,875,176,254.90 | 50,827,919,184.43 | 45,633,453,920.64 |
| Operating costs | 53,895,340,108.78 | 44,419,291,782.18 | 35,471,460,119.46 | 28,503,854,609.56 | 25,185,044,094.56 |
| Total profit | 18,126,120,539.20 | 16,850,121,476.21 | 16,555,095,116.02 | 14,899,475,758.39 | 14,168,259,389.83 |
| Net profit | 15,683,945,013.03 | 14,875,636,682.69 | 14,785,240,122.64 | 13,681,677,330.13 | 12,724,187,560.67 |
| Net profit attributable to shareholders of the parent company | 9,732,589,251.46 | 9,562,307,621.17 | 9,465,700,355.79 | 8,702,632,650.82 | 9,564,092,697.56 |
| Non-controlling interests | 5,951,355,761.57 | 5,313,329,061.52 | 5,319,539,766.85 | 4,979,044,679.31 | 3,160,094,863.11 |

Highlights of consolidated balance sheet

| | December 31, | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 Restated* |
| Total current assets | 67,966,150,830.45 | 63,244,274,437.70 | 61,923,383,290.30 | 55,387,916,293.85 | 55,904,651,132.70 |
| Total non-current assets | 332,026,857,014.93 | 328,654,099,048.03 | 326,051,851,236.49 | 313,167,754,066.43 | 301,395,905,627.54 |
| Total assets | 399,993,007,845.38 | 391,898,373,485.73 | 387,975,234,526.79 | 368,555,670,360.28 | 357,300,556,760.24 |
| Total current liabilities | 77,320,114,705.06 | 77,152,753,519.13 | 67,017,899,711.71 | 60,625,091,431.14 | 60,426,174,675.40 |
| Total non-current liabilities | 171,762,461,516.35 | 173,115,013,708.69 | 185,663,467,323.62 | 194,804,928,821.93 | 195,975,171,862.53 |
| Total liabilities | 249,082,576,221.41 | 250,267,767,227.82 | 252,681,367,035.33 | 255,430,020,253.07 | 256,401,346,537.93 |
| Total equity attributable to shareholders of the parent company | 100,910,553,004.39 | 95,273,274,106.93 | 89,801,976,064.25 | 71,114,915,512.70 | 64,848,470,381.92 |
| Non-controlling interests | 49,999,878,619.58 | 46,357,332,150.98 | 45,491,891,427.21 | 42,010,734,594.51 | 36,050,739,840.39 |
| Total shareholders' equity | 150,910,431,623.97 | 141,630,606,257.91 | 135,293,867,491.46 | 113,125,650,107.21 | 100,899,210,222.31 |
| Total liabilities and shareholders' equity | 399,993,007,845.38 | 391,898,373,485.73 | 387,975,234,526.79 | 368,555,670,360.28 | 357,300,556,760.24 |

*: The Company acquired subsidiaries under common control in 2018. Therefore, the consolidated income statement for 2017 and the consolidated balance sheet as at December 31, 2017 of the Company and its subsidiaries (the "Group") were restated.

Major Subsidiaries and Affiliated Companies as at December 31, 2021

- 1 **75%** **Guangdong Nuclear Power Joint Venture Co., Ltd. (廣東核電合營有限公司) (“GNPJVC”)**
GNPJVC is a Sino-foreign joint venture company established in the PRC on January 26, 1985 with 75% of its equity interests held by GNIC and the remaining 25% by Hong Kong Nuclear Investment Co., Ltd. (香港核電投資有限公司) (“HKNIC”). GNPJVC owns Daya Bay NPP.

- 2 **100%** **Ling’ao Nuclear Power Co., Ltd. (嶺澳核電有限公司) (“Ling’ao Nuclear”)**
Ling’ao Nuclear is a limited liability company established in the PRC on October 4, 1995 with 70% and 30% of its equity interests held by the Company and GNIC, respectively. Ling’ao Nuclear owns Ling’ao NPP.

- 3 **93.14%** **Lingdong Nuclear Power Co., Ltd. (嶺東核電有限公司) (“Lingdong Nuclear”)**
Lingdong Nuclear is a limited liability company established in the PRC on September 15, 2004 with 25%, 30% and 45% of its equity interests held by the Company, GNIC and CGN Nuclear Power Investment Co., Ltd. (中廣核核電投資有限公司) (“CGN Investment”), respectively. Lingdong Nuclear owns Lingdong NPP.

- 4 **61.20%** **Yangjiang Nuclear Power Co., Ltd. (陽江核電有限公司) (“Yangjiang Nuclear”)**
Yangjiang Nuclear is a limited liability company established in the PRC on February 23, 2005 with 34%, 25% and 7% of its equity interests held by the Company, GNIC and 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”), respectively, and the remaining 17% and 17% by Guangdong Energy Group Co., Ltd. and CLP Nuclear Power (Yangjiang) Limited, respectively. Yangjiang Nuclear owns Yangjiang NPP.

- 5 **32.29%** **Fujian Ningde Nuclear Power Co., Ltd. (福建寧德核電有限公司) (“Ningde Nuclear”)**
Ningde Nuclear is a limited liability company established in the PRC on March 23, 2006 with 46% of its equity interests held by CGN Ningde Investment Co., Ltd. (中廣核寧核投資有限公司) 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 Funeng Co., Ltd. (福建福能股份有限公司), respectively. Ningde Nuclear owns Ningde NPP.

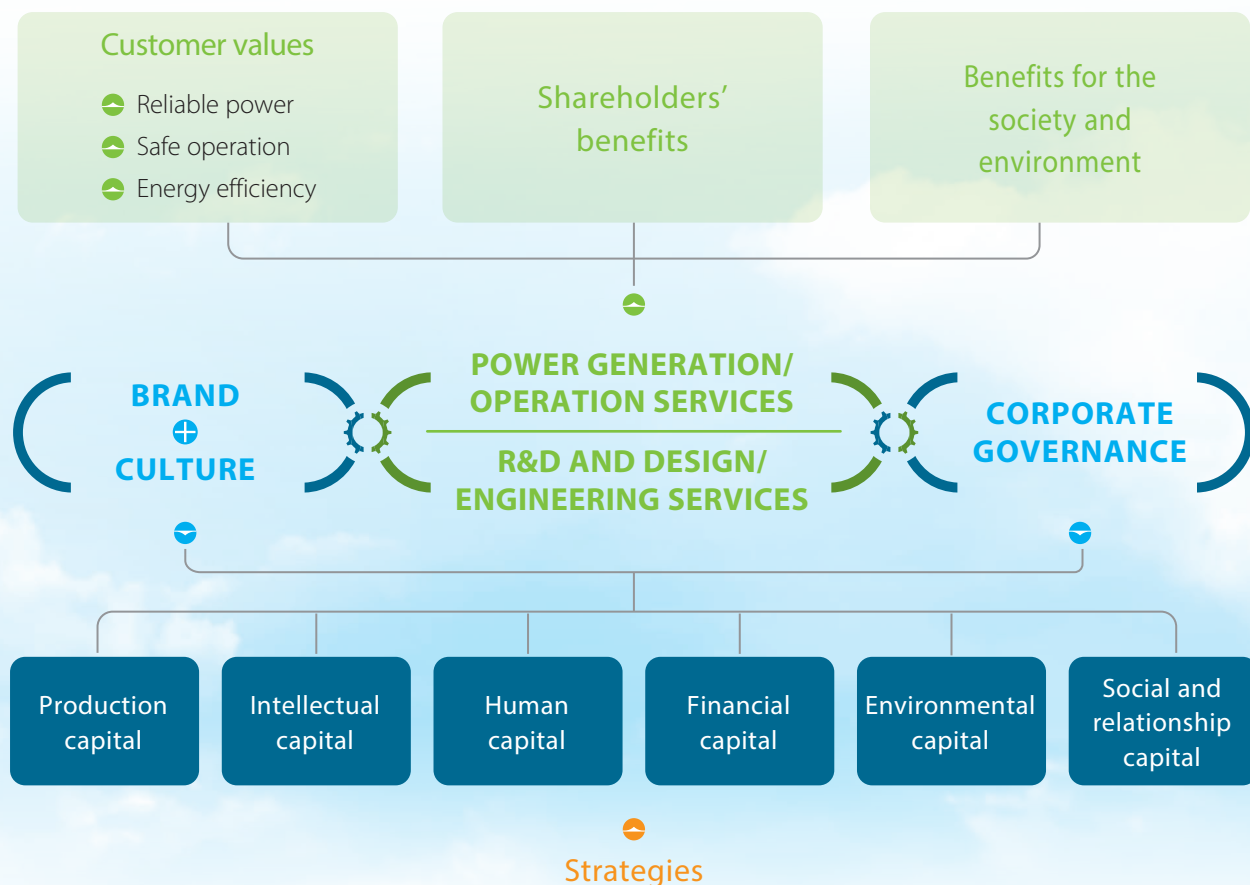
- 6 **38.14%** **Liaoning Hongyanhe Nuclear Power Co., Ltd. (遼寧紅沿河核電有限公司) (“Hongyanhe Nuclear”)**
Hongyanhe Nuclear is a limited liability company established in the PRC on August 28, 2006 with 45% of its equity interests held by CGN Investment, and the remaining 45% and 10% by CPI Investment Nuclear Power Co., Ltd. (中電投核電有限公司) and Dalian Construction Investment Co., Ltd. (大連市建設投資集團), respectively. Hongyanhe Nuclear owns Hongyanhe NPP. Hongyanhe Nuclear is an associate of the Company.

Business at a Glance for the Year

- 7 **51%** **Taishan Nuclear Power Joint Venture Co., Ltd. (台山核電合營有限公司) (“Taishan Nuclear”)**
Taishan Nuclear is a limited liability company established in the PRC on July 5, 2007 with 12.5% of its equity interests held by the Company, 10% by GNIC, 47.5% by Taishan Nuclear Power Industry Investment Co., Ltd. (台山核電產業投資有限公司), and the remaining 30% by EDF International and its subsidiary EDF (China) Holding Ltd. Taishan Nuclear owns Taishan NPP.
-
- 8 **100%** **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 the Company.
-
- 9 **36.6%** **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% and 39% of its equity interests held by Guangxi Fangchenggang CGN Nuclear Power Industry Investment Co., Ltd. (廣西防城港中廣核核電產業投資有限公司) and Guangxi Guang Tou Energy Co., Ltd. (廣西廣投能源有限公司), respectively. Fangchenggang Nuclear owns Fangchenggang NPP.
-
- 10 **100%** **Suzhou Nuclear Power Research Institute (蘇州熱工研究院有限公司) (“SNPI”)**
SNPI was established in the PRC on May 13, 1978 and converted into a limited liability company on July 7, 2003. SNPI is a wholly-owned subsidiary of the Company.
-
- 11 **100%** **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 the Company.
-
- 12 **87.5%** **Daya Bay Nuclear Power Operations and Management Co., Ltd. (大亞灣核電運營管理有限責任公司) (“DNMC”)**
DNMC is a limited liability company established in the PRC on March 12, 2003 with 87.5% of its equity interests held by GNIC and the remaining 12.5% by CLP Nuclear Power Operations & Management (China) Limited (中電核電運營(中國)有限公司), respectively.
-
- 13 **100%** **China Nuclear Power Technology Research Institute Co., Ltd. (中廣核研究院有限公司) (“CNPRI”)**
CNPRI is a limited liability company established in the PRC on November 8, 2006 and a wholly-owned subsidiary of the Company.
-
- 14 **100%** **China Nuclear Power Operations Co., Ltd. (中廣核核電運營有限公司) (“CGN Operations”)**
CGN Operations is a limited liability company established in the PRC on August 3, 2012 and a wholly-owned subsidiary of the Company.
-

Business Model

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



- ⊖ ensure the safe and stable operation of all the generating units in operation at a high level, achieve high quality production of units under construction;
- ⊖ adapt to the electricity market reform, formulate policies in respect to the specific conditions of each province, and strengthen marketing;
- ⊖ reduce costs, enhance efficiency, and improve profitability;
- ⊖ reinforce technology R&D, and strengthen sustainable development capabilities; and
- ⊖ care for the environment, strengthen governance, and seek mutual development with the society.

Chairman's Statement

**FIRMLY ADHERE
TO ORIGINAL
ASPIRATION
AND EMBRACE
THE FUTURE**

Yang Changli

Chairman



Dear shareholders,

In 2021, our country built up a moderately prosperous society in all respects as scheduled and embarked on a journey to fully build a modern socialist China. The novel coronavirus pneumonia epidemic (the “COVID-19” or “pandemic”) has had far-reaching impacts. The evolution of the unprecedented changes in a hundred years has been accelerating, and the energy system and development model have been entering a new phase dominated by non-fossil energy. China’s efforts in adjustment of domestic energy structure and power market reform have been enhanced to accelerate the construction of a modern energy system. In the face of the complex and severe external environment, we have concentrated our efforts, integrated development and security, and properly responded to the challenges of the pandemic, thereby maintaining sound operations. The Company has achieved good operating results. This is attributable to the long-term and unremitting efforts of all employees and the trust and full support of our shareholders, customers, partners, national ministries and local governments and other related parties. On behalf of the Board, I would like to express my sincere gratitude to our shareholders and all those who support the development of the Company.

For the year, the Group recorded revenue of approximately RMB80,679 million, representing an increase of 14.3% over that of 2020, and net profit attributable to shareholders of the parent company of approximately RMB9,733 million, representing an increase of 1.8% over that of 2020. The Board recommended a payment of a dividend of RMB0.084 (tax inclusive) per share for the year, representing an increase of 5.0% as compared with 2020.

The dividend distribution plan for the five years from 2021 to 2025 was proposed last year and approved at the general meeting. The plan aimed to achieve a moderate increase in the annual dividend ratio based on the dividend ratio in 2020, and provide shareholders with stable and reliable returns. The dividend ratio we recommend this year is 43.58%, representing an increase of 1.33 percentage points over that of 2020.



Chairman's Statement

At present, our country has entered a new stage of historical development, and the State has put forward the goals of “achieving peak carbon dioxide emissions” and “carbon neutrality” (the “**Dual Carbon Goals**”) to vigorously promote green low-carbon development and ecological civilization construction. The Government Work Report 《政府工作報告》 for 2021 clearly states “taking active and well-ordered steps to develop nuclear energy on the premise of ensuring its safe use”, which clarified the status and role of nuclear power in China’s clean, low-carbon, safe and efficient energy system. The “Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy” of the State Council of the Central Committee of the Communist Party of China 《中共中央國務院關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》 published by the State once again proposed the idea of “taking active, safe and well-ordered steps to develop nuclear energy”. Nuclear power, as a stable and efficient clean energy source, is the only base load power source that can replace traditional fossil energy sources on a large scale. We believe that nuclear energy will need to play an important role in the transition of the energy structure under the Dual Carbon Goals. In 2021, the domestic power supply and demand situation was tight, and our nuclear power generating units fully embodied the advantages of base load power supply, so as to assume the responsibility of a nuclear power enterprise in addressing the power demand of society.

With the deepening of the national energy structure transformation and power market reform, the Company’s development and operation are bound to face various new requirements and changes. In order to lead the future development of the Group, the Board has approved the “Nuclear Energy Industry Medium and Long-term Development Strategy and 14th Five-Year Plan” 《核能產業中長期發展戰略及“十四五”規劃》 of the Group. We have always been committed to maintaining stable operations with a long-term perspective, focusing on nuclear power generation and nuclear energy professional services, striving to become a world-class nuclear energy enterprise with international competitiveness. By 2035, our nuclear power will achieve excellence in key performance indicators such as safety operations, project construction, and operational efficiency. At the same time, we will expand the use of nuclear energy for services such as heating and steam supply to an appropriate extent to enhance the comprehensive benefits of the comprehensive use of nuclear energy. In addition, we will also explore investments in ancillary energy storage projects related to nuclear power as appropriate. During the “14th Five-Year Plan” period, focusing on the five aspects comprising safety, quality and environmental protection, project construction, science and technology innovation, operational efficiency, and corporate management, the Company will align itself with the world-class goals, and achieve more efficient, more equitable, more sustainable and safer development with better quality.



We did not realize our target regarding new nuclear power project development in 2021. No new nuclear power project was approved. The approval of nuclear power projects was affected by many factors, and what we need to do still is to maintain our determination, carefully complete the preliminary preparation and related filing work of the projects, enhance the confidence of the country and the society in nuclear energy with safe and stable operation performance, and promote the early approval of new nuclear power projects.

The sustainable development of an enterprise cannot be achieved without strong R&D capabilities, and in order to adapt to the energy transformation, technological R&D is even more important. Data from the National Bureau of Statistics of the PRC shows that the national R&D investment funding from 2016 to 2020 maintained an annual growth of more than 10%. We have continued to increase our R&D investment and will adhere to this direction in the future so as to accelerate the R&D of advanced nuclear power technology, enhance the level of independent innovation, and actively explore the transformation and application of R&D results, thereby laying a solid foundation for the long-term development of the Company.

We attach great importance to the effective operation of the Board. In 2021, Mr. Tang Chi Cheung (“**Mr. Tang**”) joined the Board as an independent non-executive director from Hong Kong. The joining of Mr. Tang has increased the number of independent non-executive directors of the Board from three to four, and has also resulted in a more diverse professional background and working experience of the Board members. At the same time, Mr. Wang Hongjun, the general manager of our shareholder Guangdong Hengjian Investment Holdings Co., Ltd. (“**Hengjian Investment**”), joined the Board as a new non-executive director of the Company. These changes will further promote our corporate governance.

In 2021, we have achieved a good start to the “14th Five-Year Plan”. In 2022, the pandemic has yet to subside, and the domestic and international economic environment remain complicated, presenting both opportunities and challenges. We must adhere to our original aspiration of developing nuclear energy and guarding nuclear safety, and adhere to “seeking progress while maintaining stability”, pioneering innovations and hard work with a strong sense of crisis, urgency and mission, so as to promote the Group’s high-quality development, and create greater value for the society, shareholders and employees.

Yang Changli
Chairman

March 17, 2022



President's Review

SEEKING PROGRESS WHILE MAINTAINING STABILITY AND PURSUING INNOVATIVE DEVELOPMENT



Gao Ligang

President

In 2021, the COVID-19 pandemic continued to rage around the world. We put the work style focusing on “Strict Compliance, Prudent Decision-making, Detail-oriented and Fact-based Approach” into practice, insisted on pandemic prevention and control as part of normal operations, ensured the stability of business operations, and provided safe and reliable power for society. During the year, the power supply and demand in the PRC further tightened. We seized the opportunity and accomplished our annual operation target well. I hereby present a summary of the key work and performance of the Company for the year and outline the major plans for the next year. The detailed analysis of the Company’s business is set forth in the relevant sections of this Annual Report.

Safety Management

Ensuring the absolute safety of nuclear power is the responsibility of nuclear power companies. We always adhere to the concept of “Nuclear Safety is Paramount” and the basic principles of “Safety First, Quality Foremost, Pursuit of Excellence”, and implemented these concepts and principles in every specific work step of NPP production and construction.

Addressing “pandemic prevention and control” and “production safety” at the same time has become a regular requirement. Under the unified leadership of the State, we continue to accumulate experience in pandemic prevention and control, and improve measures for precise prevention and control. Since the outbreak of the pandemic in 2020 to date, there was no case of infection among our personnel in the nuclear power production area, and the health of our employees and employees of contractors has been effectively protected.

In 2021, we continued to undertake the three-year special rectification campaign for production safety. The chairman and senior management of the Company respectively led inspection teams to carry out special inspections on safety production at each nuclear power base, focusing on equipment reliability, nuclear power engineering and construction, and environmental protection. We hope to strengthen the awareness of responsibility and accountability of employees at all levels and effectively investigate major risks through the special rectification campaign. For example, our various bases successfully responded to 10 large-scale invasions of sea creatures throughout the year and achieved initial results in improving the management of cold sources in NPPs.



President's Review

In 2021, our safety management system operated effectively. No level 2 or above event under the International Nuclear and Radiological Event Scale 《國際核事件分級表》 set by the International Atomic Energy Agency (“IAEA”) occurred in all units in operation. Hongyanhe Nuclear received the 19th National Quality Award and was the only enterprise in the nuclear power industry of China that was included in the “1st Best Practice Cases of Enterprise Safety Culture Construction” of the Ministry of Emergency Management of the PRC.

We must remain vigilant at all times because safety management is a never-ending journey. At no time does it allow for satisfaction or negligence. We must guard nuclear safety with a highly responsible attitude towards the country and society.

Operation Management

We always firmly believe that we will be able to respond to various changes in external environment only if we perform our duty with diligence and responsibility and maintain the safety and stability of the units. In 2021, the electricity consumption in the PRC increased by 10.3% year-on-year, with some regions experiencing power supply tensions. All operating nuclear units that we managed maintained safe and stable operation, with greater or full load power generation. We strive to provide safe, reliable and economical clean power for society.

Among various performance indicators, “Capacity Factor” best reflects the unit’s operation and maintenance performance. In 2021, the average capacity factor of the 25 nuclear power units in operation of the Company reached 92%, achieving worldwide advanced level for four consecutive years. The average utilization hours of nuclear power units throughout the year was 7,731 hours (average utilization hours for the preceding three years was 7,457 hours). The average utilization hours of units in most of our NPPs exceeded 8,000 hours.

Affected by the COVID-19 outbreak in the PRC, the refuelling outage work at our NPPs faced big challenges. We planned ahead, organized carefully, and improved contingency plans. All 16 refuelling outages planned for the year were successfully completed. Both the outage period and outage quality met expected targets.

Construction Project

As at the end of December 2021, Cangnan Unit 2 officially commenced construction. Cangnan Unit 2 is currently owned by CGNPC, and we are entrusted by CGNPC to manage it.

The recurring COVID-19 outbreak over the past two years has affected the construction resources of our NPP projects to a certain extent. We strengthened the organization, communication and coordination in the upstream and downstream of the industrial chain, and optimized construction organization. As at the end of July 2021, we commenced operation of Hongyanhe Unit 5. Fangchenggang Unit 3 and Unit 4 were our HPR1000 technical demonstration projects. After careful evaluation, we decided to adjust the unit construction plan as appropriate. Although the planned commissioning time has been delayed, we hope that employees at all levels will organize the project construction carefully based on the attitude of finding the truth by verification, to commence operation of the unit with high quality and ensure long-term safe and stable operation of the unit after commissioning.

R&D

We continue to increase investment in R&D to reserve core technologies for the long-term development of the Company on the one hand, and to solve key problems encountered in construction and production through technological innovation on other hand to improve the safety and economy of nuclear power. For example, during roof installation of Huizhou Unit 1, we innovatively used intelligent nuclear construction technologies such as 3D modeling, to ensure roof installation was accurate and achieved success in installation in one go.

In 2021, the number of patents we have applied for reached 1,282, of which 893 obtained patent authorization. Four of our invention patents were awarded the 22nd China Patent Excellence Award by China National Intellectual Property Administration. The introduction and application of these scientific research results are explained in detail in the section headed “Intellectual Capital” of this Annual Report and our 2021 ESG Report.

“Tightening our Belts”

In 2021, we continued to put forward the request of “tightening our belts” to all employees. Under the premise of ensuring safe production, the Company strictly controlled various non-essential and non-urgent expenses, and the expenses of preliminary development of nuclear power projects that have yet to commence construction. With the overall decline in market interest rates in 2021, we increased bond issuance under the premise of risk control and achieved an appropriate reduction in finance costs.



President's Review

Future Outlook

In 2022, the impact of the COVID-19 outbreak is still ongoing and the domestic economic growth is slowing down, and the Company faces more uncertainty in its operations. According to the China Electricity Council (the "CEC") forecast, the electricity consumption in the PRC is expected to increase by 5% to 6%. The nation will generally experience a demand and supply balance in power generation. Demand and supply of power will be tight in some time periods and regions. Ensuring the stable operation of all nuclear units in operation remains our most important task. Hongyanhe Unit 6 and Fangchenggang Unit 3 will be put into commercial operation in 2022, and we will do our best to ensure that the new units are put into operation with high quality.

In 2022, we will have 10 nuclear power units participating in market trading in Guangdong Province, and electricity traded in the market will exceed 11.3 billion kWh. We actively planned and developed customers through various channels, and have completed the signing of annual trading electricity sales contracts by the end of 2021. We are currently actively participating in monthly bidding and spot trading in the province. In addition to enhancing marketing capabilities, we also continue to optimize the operation and maintenance costs of nuclear power units through lean management and continue to improve the economic benefits of nuclear power by optimizing project construction costs through technological innovation.

In the new stage of high quality development of the Company, we put forward the plan of "Operational Excellence 2025" in 2021, hoping to drive the nuclear power operation performance "from excellent to outstanding" through setting higher targets. In 2022, we will stay focused on our targets, seek progress while maintaining stability, and work together with all partners to achieve the "14th Five-Year Plan" goals of the Company.

Gao Ligang
President

March 17, 2022



Shareholder Value

The Board, the management and employees of the Company are responsible for and obliged to create value for the 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, stay in close contact with its shareholders and safeguard the shareholders' trust and confidence on the Company with rewards to them.

As at December 31, 2021, CGN Power had 290,043 registered shareholders, but the actual number of investors would be much greater if one takes into account individuals and institutions holding equity interests in the Company indirectly through intermediaries such as nominees, investment funds, the Hong Kong Central Clearing and Settlement System (CCASS), the Shanghai-Hong Kong Stock Connect, and the Shenzhen-Hong Kong Stock Connect.

Dividend distribution

The final dividend for the year ended December 31, 2020 was RMB0.080 (tax inclusive) per share and the Company completed the distribution by July 8, 2021.

The Board has proposed to declare a final cash dividend of RMB0.084 (tax inclusive) per share for the year from January 1, 2021 to December 31, 2021 to our shareholders as at the record date of dividend payment. The dividend distribution ratio of the final dividend of this year (total dividends/net profit attributable to shareholders of the parent company*100%) was approximately 43.58%, which has increased as compared with 2020. All dividend in 2021 will be distributed after being approved by our shareholders at the 2021 annual general meeting of the Company and is expected to be distributed on around July 7, 2022.

When considering the dividend distribution ratio in the future, we will take into consideration the business performance of the Company for the year, the future development strategies of the Company and other factors, provided that it shall not be lower than 30% of the net profit attributable to shareholders of the Company for the year.

The Board and management of the Company have full confidence in the development prospects of nuclear power and the Company's stable operation. The Company will continue to focus on cash dividends and shareholder returns. The Company has formulated the Dividend Distribution Plan for the Coming Five Years (2021-2025) 《未來五年(2021年—2025年)股東分紅回報規劃》, which was approved at the 2020 AGM on May 26, 2021. On the premise of no major changes in the business, operating results and financial position of the Group, subject to the approval at the general meeting in the relevant year, the Company will maintain a reasonable increase in the dividend ratio from 2021 to 2025 based on the dividend ratio in 2020.

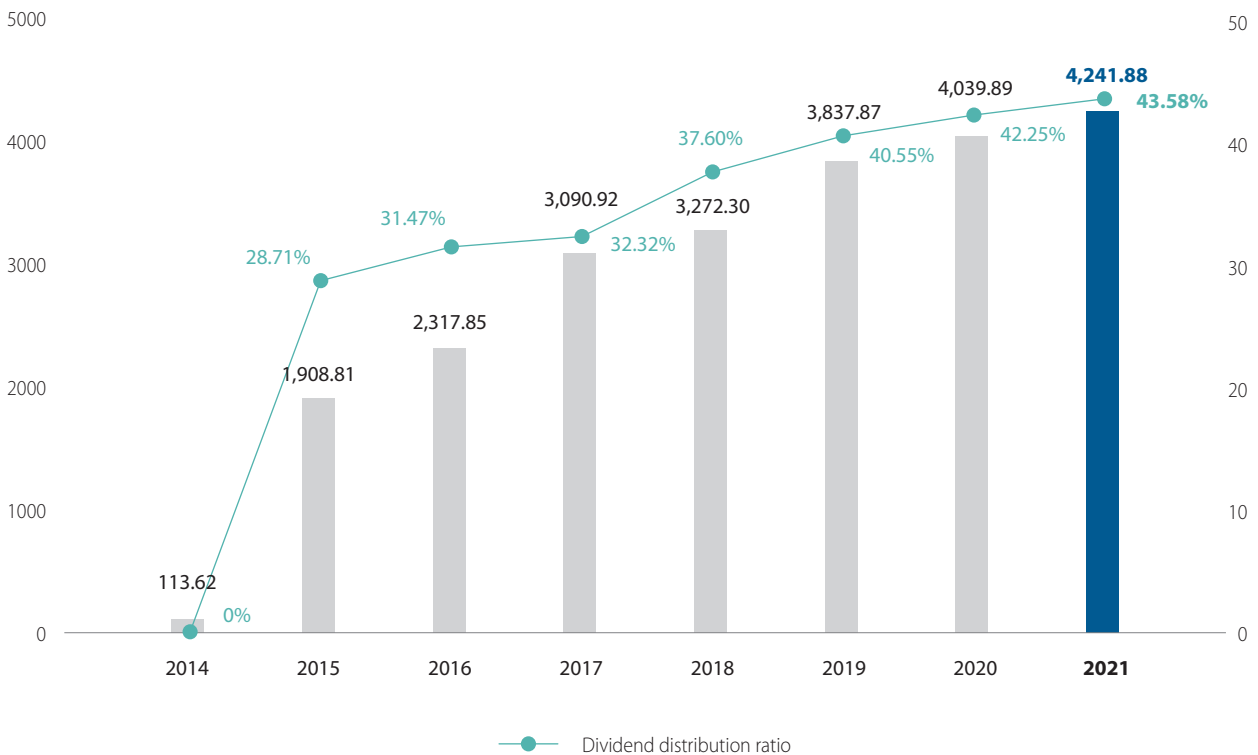


Shareholder Value

Dividend distribution per year since the listing

| Year | Dividend per share (Unit: RMB (tax inclusive)) | Total dividends (Unit: RMB million) | Dividend distribution ratio |
|------|--|--|--------------------------------|
| 2014 | 0.0025 | 113.62 | – |
| 2015 | 0.042 | 1,908.81 | 28.71% |
| 2016 | 0.051 | 2,317.85 | 31.47% |
| 2017 | 0.068 | 3,090.92 | 32.32% |
| 2018 | 0.072 | 3,272.30 | 37.60% |
| 2019 | 0.076 | 3,837.87 | 40.55% |
| 2020 | 0.080 | 4,039.89 | 42.25% |
| 2021 | 0.084 | 4,241.88 | 43.58% |

Unit: RMB million



Shareholders' Diary 2022



- Announcement of 2021 fourth quarter operation briefings
- 2021 fourth quarter operation teleconference



Announcement of 2021 A share annual report and H share annual results announcement
2021 annual results promotion
Publication of 2021 ESG Report



MARCH



- Publication of 2021 H share annual report
- Announcement of 2022 first quarter operation briefings
- Announcement of 2022 A share first quarterly report
- 2022 first quarter operation teleconference



- Announcement of 2022 second quarter operation briefings
- 2022 second quarter operation teleconference
- Distribution of 2021 final dividend

2021 annual general meeting



MAY

Announcement of 2022 A share interim report and H share interim results announcement
Announcement of 2022 H shares interim report
2022 interim results promotion



AUGUST



- Announcement of 2022 third quarter operation briefings
- Announcement of 2022 A share third quarterly report
- 2022 third quarter operation teleconference

Participation in an online group reception day for investors of listed companies



NOVEMBER

The background of the page is a blurred industrial scene featuring a robotic arm with a yellow and black gripper. The overall color palette is a mix of light blues and greens. The title text is white and outlined, with decorative dotted lines and diamond shapes interspersed around it.

FINANCE' ASSETS AND INVESTMENT

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Financial Performance and Analysis

Key Financial Indicators

| Type | Item | 2021 | 2020 |
|----------------------------------|---|-------|-------|
| Indicators of profitability | EBITDA margin(%) ⁽¹⁾ | 45.6 | 51.1 |
| | Net profit margin(%) ⁽²⁾ | 19.4 | 21.1 |
| Indicators of investment returns | Return on equity (excluding non-controlling interests) (%) ⁽³⁾ | 9.9 | 10.3 |
| | Return on total assets(%) ⁽⁴⁾ | 6.4 | 6.4 |
| Indicators of solvency | Asset-liability ratio(%) ⁽⁵⁾ | 62.3 | 63.9 |
| | Debt to equity ratio(%) ⁽⁶⁾ | 122.3 | 138.0 |
| | Interest coverage ⁽⁷⁾ | 2.9 | 2.7 |

Notes:

- (1) EBITDA margin = (total profit + interest expenses recognized in profit or loss + depreciation and amortization)/operating revenue * 100%
- (2) Net profit margin = net profit/operating revenue * 100%
- (3) Return on equity (excluding non-controlling interests) = net profit attributable to shareholders of the parent company/average equity attributable to shareholders of the parent company (the arithmetic mean of the opening and closing balances) * 100%
- (4) Return on total assets = (total profit + interest expenses recognized in profit or loss)/average total assets (the arithmetic mean of the opening and closing balances) * 100%
- (5) Asset-liability ratio = total liabilities/total assets * 100%
- (6) Debt to equity ratio = net debt (the total amount of bank and other borrowings - cash and cash equivalents - other deposits over three months)/total shareholders' equity * 100%
- (7) Interest coverage = (total profit + interest expenses recognized in profit or loss)/(interest expenses recognized in profit or loss + interest expenses capitalized)



Financial Results and Analysis

| | For the year ended December 31, | | | Percentage change increase/ (decrease) % |
|--|---------------------------------|------------------|---|--|
| | 2021 RMB' 000 | 2020 RMB' 000 | Fluctuations increase/ (decrease) RMB' 000 | |
| Operating revenue | 80,678,744.76 | 70,584,710.56 | 10,094,034.20 | 14.3 |
| Operating costs | 53,895,340.11 | 44,419,291.78 | 9,476,048.33 | 21.3 |
| Finance costs ⁽¹⁾ | 6,401,428.93 | 7,827,745.09 | (1,426,316.16) | (18.2) |
| Other gains ⁽²⁾ | 1,698,945.03 | 2,248,487.82 | (549,542.79) | (24.4) |
| Investment income ⁽³⁾ | 1,366,911.66 | 1,143,576.44 | 223,335.22 | 19.5 |
| Including: Income from investment in associates and joint ventures | 1,364,197.66 | 1,119,833.34 | 244,364.32 | 21.8 |
| Non-recurring gains or losses ⁽⁴⁾ | (5,152.69) | 180,450.82 | (185,603.51) | (102.9) |
| Net profit attributable to shareholders of the parent company | 9,732,589.25 | 9,562,307.62 | 170,281.63 | 1.8 |
| Net profit attributable to shareholders of the parent company (excluding the effects of non-recurring gains or losses) | 9,729,903.01 | 9,408,261.51 | 321,641.50 | 3.4 |

Notes:

- (1) The decrease in finance costs was primarily due to the decrease in interest expenses by RMB918.5 million as compared with 2020, and the increase in exchange gains by RMB554.0 million as compared with 2020.
- (2) The decrease in other gains was primarily due to the reduction in VAT refunds received.
- (3) The increase in investment income was primarily due to the increase in investment income from Hongyanhe Nuclear and CGN Industry Investment Fund Phase I Co., Ltd (中廣核一期產業投資基金有限公司).
- (4) The decrease in non-recurring gains or losses was primarily due to the contract claims from contractors arising from construction projects during the year and the losses from changes in fair value of H-share Appreciation Rights.

Financial Performance and Analysis

Revenue from Operations

| | For the year ended December 31, | | | Percentage change increase % |
|---|---------------------------------|------------------|--------------------------------------|---------------------------------------|
| | 2021 RMB' 000 | 2020 RMB' 000 | Fluctuations increase RMB' 000 | |
| Revenue from principal business operations | 80,230,834.16 | 70,156,726.73 | 10,074,107.43 | 14.4 |
| Including: Sales of electricity ⁽¹⁾ | 58,709,216.82 | 55,511,979.06 | 3,197,237.76 | 5.8 |
| Construction, installation and design services ⁽²⁾ | 19,948,726.92 | 12,776,551.42 | 7,172,175.50 | 56.1 |
| Revenue from other business operations | 447,910.60 | 427,983.83 | 19,926.77 | 4.7 |
| Total revenue from business operations | 80,678,744.76 | 70,584,710.56 | 10,094,034.20 | 14.3 |

Notes

- (1) The increase in revenue from sales of electricity was primarily due to the increase in the on-grid power generation of the subsidiaries in 2021 by 5.2% as compared with the previous year.
- (2) The increase in revenue from construction, installation and design services was primarily due to the increase in the construction volume of Huizhou Nuclear Power Project, Cangnan Nuclear Power Project and CGNPC's wind power business of CGN Engineering.

Cost of Operations

| | For the year ended December 31, | | | Percentage change increase/ (decrease) % |
|---|---------------------------------|------------------|---|--|
| | 2021 RMB' 000 | 2020 RMB' 000 | Fluctuations increase/ (decrease) RMB' 000 | |
| Cost of principal business operations | 53,527,605.26 | 44,023,799.74 | 9,503,805.52 | 21.6 |
| Including: Cost of sales of electricity | 32,676,491.22 | 29,950,692.95 | 2,725,798.27 | 9.1 |
| Of which: Cost of nuclear fuel ⁽¹⁾ | 8,356,950.47 | 7,894,369.46 | 462,581.01 | 5.9 |
| Depreciation of fixed assets ⁽²⁾ | 10,158,016.10 | 9,680,802.36 | 477,213.74 | 4.9 |
| Provision for spent fuel management ⁽³⁾ | 2,838,777.74 | 2,019,610.28 | 819,167.46 | 40.6 |
| Construction, installation and design services ⁽⁴⁾ | 19,586,469.64 | 12,640,665.61 | 6,945,804.03 | 54.9 |
| Other costs of business operations | 367,734.85 | 395,492.04 | (27,757.19) | (7.0) |
| Total cost of operations | 53,895,340.11 | 44,419,291.78 | 9,476,048.33 | 21.3 |

Notes:

- (1) The increase in cost of nuclear fuel was primarily due to the increase in fuel costs recorded using the units of production method as a result of the increase in on-grid power generation.
- (2) The increase in depreciation of fixed assets was primarily due to the increase in depreciation costs recorded using the units of production method as a result of the increase in on-grid power generation.
- (3) The increase in provision for spent fuel management was primarily due to the commencement of provision and payment for spent fuel management as Yangjiang Unit 3, Ningde Unit 4 and Fangchenggang Unit 1 and Unit 2 had commenced commercial operation for five years in 2021.
- (4) The increase in cost of construction, installation and design services was primarily due to the increase in the construction volume of Huizhou Nuclear Power Project, Cangnan Nuclear Power Project and CGNPC's wind power business of CGN Engineering.

Financial Position

The bank and other borrowings, receivables, payables, inventories, fixed assets and intangible assets of the Company are shown in the table below. Details of the financial position are set out in the notes to the consolidated financial statements.

| | December 31, 2021 RMB' 000 | December 31, 2020 RMB' 000 | Fluctuations increase/ (decrease) RMB' 000 | Percentage change increase/ (decrease) % |
|---|----------------------------------|----------------------------------|---|--|
| Bank and other borrowings ⁽¹⁾ | 205,468,427.55 | 207,445,359.37 | (1,976,931.82) | (1.0) |
| Receivables ⁽²⁾ | 33,331,213.72 | 32,575,080.85 | 756,132.87 | 2.3 |
| Payables ⁽³⁾ | 30,567,735.20 | 30,888,979.94 | (321,244.74) | (1.0) |
| Inventories | 15,248,475.73 | 15,020,730.52 | 227,745.21 | 1.5 |
| Fixed assets and intangible assets ⁽⁴⁾ | 244,984,645.32 | 253,502,735.55 | (8,518,090.23) | (3.4) |

Notes:

- (1) Bank and other borrowings comprise short-term loans, long-term loans, bonds payable, short-term bonds payable, and long-term loans and bonds payable due within one year.
- (2) Receivables comprise bills receivable, accounts receivable, prepayments, contract assets and other receivables. The increase in receivables was primarily due to the increase in CGN Engineering's accounts receivable for CGNPC's wind power business and Huizhou Nuclear Power Project.
- (3) Payables comprise bills payable, accounts payable, contract liabilities and other payables.
- (4) The main reason for the decrease in fixed assets and intangible assets was the decrease in asset value caused by provision for depreciation in fixed assets.

Analysis of Cash Usage

In 2021, the Company continuously implemented robust capital management policy. A healthy cash flow was maintained through lean management with higher capital utilization efficiency. The net cash inflows from operating activities increased as compared with 2020 mainly due to the increase in on-grid power generation as compared with 2020. Net cash outflows from investment activities increased as compared with 2020, mainly due to the increase in fixed deposits of more than three months. The net cash outflows from financing activities decreased as compared with 2020, mainly due to the increase in proceeds from issuance of bills and ultra short-term financing notes of the Company and the increase in capital contributions from external shareholders of Fangchenggang Nuclear.

| | For the year ended December 31, | | | |
|--|---------------------------------|------------------|---|--|
| | 2021 RMB' 000 | 2020 RMB' 000 | Fluctuations increase/ (decrease) RMB' 000 | Percentage change increase/ (decrease) % |
| Net cash inflows from operating activities | 34,911,101.29 | 30,154,840.52 | 4,756,260.77 | 15.8 |
| Net cash outflows from investment activities | 14,568,912.98 | 11,759,174.38 | 2,809,738.60 | 23.9 |
| Net cash outflows from financing activities | 17,490,990.67 | 24,366,903.64 | (6,875,912.97) | (28.2) |

Assets and Investment

The Group was mainly engaged in the investment in construction of nuclear power generating units, technical improvement in the NPPs in operation, and R&D of technologies related to nuclear power for the year ended December 31, 2021.

INVESTMENT IN FIXED ASSETS

For the year ended December 31, 2021, the Group's investment in fixed assets (on cash flows basis) amounted to approximately RMB16,165.5 million, representing an increase of RMB1,213.2 million or 8.1% from RMB14,952.3 million in 2020.

INVESTMENTS IN EQUITY

For the year ended December 31, 2021, the Group increased its capital investment in associates by RMB162.3 million in aggregate, which was mainly attributable to the amounts of RMB91.8 million, RMB55.4 million, RMB6.4 million and RMB8.8 million made to Hongyanhe Nuclear, Fujian Ningde Second Nuclear Power Co., Ltd. (福建寧德第二核電有限公司), CGN Industry Investment Fund Phase I Co., Ltd. (中廣核一期產業投資基金有限公司) and Gansu Longhe Environmental Protection Technology Co., Ltd. (甘肅龍和環保科技有限公司), respectively.

MAJOR ACQUISITION AND DISPOSAL

The Group had no material acquisition or disposal for the year ended December 31, 2021.

USE OF PROCEEDS

The Company had used all of the proceeds from the global offering of H shares in December 2014 and the proceeds from the initial public offering (A shares) on the SZSE in August 2019. For the year ended December 31, 2021, the Group had no use of proceeds.

CONTINGENCIES

External Guarantees

The Group confirmed that, for the year ended December 31, 2021, the Group had not provided any external guarantee.

Assets with Restricted Ownership

As of December 31, 2021, the Group's assets pledged to banks or with restricted ownership due to other reasons amounted to approximately RMB21,340.8 million in carrying value. As of December 31, 2020, the Group's assets pledged to banks or with restricted ownership due to other reasons amounted to approximately RMB21,704.9 million in carrying value.

As of December 31, 2021 and December 31, 2020, the electricity tariff collection rights of Lingdong Nuclear, Yangjiang Nuclear, Fangchenggang Nuclear, Ningde Nuclear and Taishan Nuclear were pledged to secure the banking facilities and loans from banks to these entities.

Legal Proceedings

For the year ended December 31, 2021, there was no significant litigation against the Group, and the Board was not 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 NPPs under construction according to its investment schedules, continue to fund the technological improvement in the NPPs in operation to maintain and enhance operation, make continuous investment in the innovation of technologies, and fund the acquisitions of contingent assets in 2022. In addition, the Company will also carry out relevant investment activities at appropriate time, thereby laying a solid foundation for the Company's future development.



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BUSINESS
PERFORMANCE
AND OUTLOOK

Industry Overview

Since the State Council first proposed the idea of “taking **active and well-ordered** steps to develop nuclear energy on the premise of ensuring its safe use” in the Government Work Report 《政府工作報告》 in March 2021, the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of The New Development Philosophy 《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》 published by the Communist Party of China Central Committee and the State Council, the Action Plan for Carbon Dioxide Peaking Before 2030 《2030年前碳達峰行動方案》 published by the State Council, the Guiding Opinions on Promoting the High-quality Development of Central Enterprises and Doing a Good Job in Carbon Peaking and Carbon Neutralization 《關於推進中央企業高質量發展做好碳達峰碳中和工作的指導意見》 published by the SASAC of the State Council, and other documents all stated clearly to “take active, safe and well-ordered steps to develop nuclear energy”. On December 24, 2021, the National Energy Administration convened the 2022 National Energy Work Conference, at which seven key tasks for energy work in 2022 were announced, including “accelerate green and low-carbon energy development”, proposing “take **active, safe and well-ordered steps to develop** nuclear energy” and “orderly promote the approval for construction of NPP projects with reliable conditions on the premise of ensuring its safety”.

Achieving peak carbon dioxide emissions and carbon neutrality is a major strategic decision of the CPC Central Committee, which brings about extensive and profound changes. On March 15, 2021, the idea of “deepening power system reform, and building a new power system with new energy as the subjects” was pointed out at the ninth meeting of the Central Financial and Economic Affairs Commission when studying and deploying the basic ideas and major measures to achieve peak carbon dioxide emissions and carbon neutrality. As stated in the Research on the Development Path of Carbon Peaking and Carbon Neutrality in the Power Industry 《電力行業碳達峰碳中和發展路徑研究》 published by the China Electricity Council (the “CEC”) in December 2021, one of the paths to achieve peak carbon dioxide emissions and carbon neutrality in the power industry is to build a diverse energy supply system and form a low-carbon-oriented power supply pattern. On January 24, 2022, “ensuring energy security while reducing carbon emissions” and “the gradual withdrawal of conventional energy must be based on the safe and reliable new energy alternatives” were mentioned during the 36th collective study session of the Central Political Bureau of the Communist Party of China. The Report on the Development of China’s Nuclear Energy 2021 《中國核能發展報告(2021)》 stated that nuclear power can be a base load power source that can replace traditional fossil fuels on a large scale due to its operational stability, reliability and long refuelling intervals, and facilitate the establishment of a clean, low-carbon, safe and efficient energy supply system in coordinated development with clean energy such as wind, photovoltaics and hydropower. In view of accelerated transformation of the energy system characterized by clean and low carbon development and the gradual reduction of coal power generation, nuclear power will be an effective choice for securing the national energy safety and constructing a new power system based on new energy.

According to the statistics from the 2021 National Power Industry Statistics Overview 《2021年全國電力工業統計快報》 issued by the CEC, as of December 31, 2021, the installed capacity of nuclear power generating units in operation was 53,260 MW in the PRC (excluding Taiwan region), accounting for 2.2% of the total installed capacity of power generation. The proportion of nuclear power remains small in our national energy structure. We believe that, as the national policy continues to focus on the **active, safe and well-ordered development** of nuclear power, the development of the nuclear power industry in China is and will still be in an important strategic opportunity period, and the scope for development and the market prospects of the domestic nuclear power development are still broad.

According to the data released by the National Bureau of Statistics on January 17, 2022, the GDP in 2021 increased by 8.1% year on year, and the average growth rate for the past two years was 5.1%. China’s economy sustained steady resumption, while the fundamentals of long-term positive economic growth remained unchanged. In 2021, the national average utilization hours of power generating units was 7,802 hours, representing a year-on-year increase of 352 hours.

| | Ratio of installed capacity by type of energy (%) | | Ratio of generation capacity by type of energy (%) | | Average utilization hours (hours) | |
|---------------|--|------|---|------|--------------------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Nuclear power | 2.2 | 2.3 | 4.9 | 4.8 | 7,802 | 7,450 |
| Thermal power | 54.6 | 56.6 | 67.4 | 67.9 | 4,448 | 4,211 |
| Hydropower | 16.5 | 16.8 | 16.0 | 17.8 | 3,622 | 3,825 |
| Wind power | 13.8 | 12.8 | 7.8 | 6.1 | 2,232 | 2,078 |
| Solar power | 12.9 | 11.5 | 3.9 | 3.4 | 1,281 | 1,281 |

Note: Data from the 2021 National Power Industry Statistics Overview 《2021 年全國電力工業統計快報》 of the CEC. The data on the installed capacity of power generation and the proportion of power generation are on a full consolidated basis, and the average utilization hours are the utilization hours of power generation facilities in NPPs of 6,000 kilowatts and above.

On October 12, 2021, the Notice on Further Deepening the Market-based Reform of the On-grid Tariff for Coal-fired Power Generation 《關於進一步深化燃煤發電上網電價市場化改革的通知》 issued by the National Development and Reform Commission proposed that the on-grid tariff of all coal-fired power generation should be liberalized in an orderly manner, and the range of fluctuations in tariffs in market-based transactions should be extended, so as to promote industrial and commercial users to enter the market, such that the share of electricity traded in the market will further increase along with the deepening reforms in the national power system. According to statistics of the CEC, the share of electricity traded in the market accounted for 45.5% of national power generation in 2021, representing an increase of 3.3 percentage points year on year.

As at the end of 2021, we managed 25 nuclear power generating units in operation and seven nuclear power generating units under construction (including four units under construction which were entrusted to the Company by the controlling shareholder of the Company for management). On July 31, 2021, Hongyanhe Unit 5 commenced commercial operation. On December 30, 2021, Cangnan Unit 2 officially commenced construction.

As at December 31, 2021, the number and capacity of nuclear power generating units in operation and nuclear power generating units under construction managed by the Company are as follows:

| | | As at December 31, 2021 | As at December 31, 2020 | Growth/ (decline) rate |
|--|----------|-------------------------------|-------------------------------|------------------------------|
| Nuclear power generating units in operation | Number | 25 | 24 | 4.17% |
| | Capacity | 28,261MW | 27,142MW | 4.12% |
| Nuclear power generating units under construction | Number | 3 | 4 | (25%) |
| | Capacity | 3,479MW | 4,598MW | (24.34%) |
| Nuclear power generating units under construction which were entrusted to the Company by the controlling shareholder of the Company for management | Number | 4 | 3 | 33.33% |
| | Capacity | 4,820MW | 3,612MW | 33.44% |

We will introduce and analyze the Company's business performance in 2021 in five aspects, namely safety management, nuclear power generating units in operation, nuclear power generating units under construction, sales of electricity, SCS management (standardization, centralization and specialization), and lean management.

Business Performance and Analysis

Safety Management

Safety is crucial to any company. We highly value safety and always place safety at our top priority. We always adhere to the concept of “Nuclear Safety is Paramount” and our basic principles of “Safety First, Quality Foremost, Pursuit of Excellence”, and strive to apply them to various stages of the design, construction, operation and decommissioning of the NPPs. We believe that maintaining nuclear power safety is a great responsibility to the State, society, Shareholders, employees and other stakeholders. Only with safety can our units in operation provide the society with stable and reliable power and our units under construction achieve high quality production, and thus we can achieve constant improvement in our overall operating results.

We continued to improve our safety management system and optimize management approach. Based on our experience in nuclear power operation over the years, we have established a mature safety management system. We continued to launch activities such as “On-site Management”, “We Want Safety”, “Nuclear Safety and Leadership” and “Precautionary Education on Nuclear Safety” so as to enhance the nuclear safety culture awareness among all employees. In 2021, we implemented special inspection and supervision for safety management led by our Chairman and senior management in every nuclear power base for the second consecutive year, which enabled the Company to reinforce accountability at all levels, implement a work style of “Strict Compliance, Prudent Decision-making, Detail-oriented and Fact-based Approach”, fix the loopholes in the safety management system and strengthen execution of the safety management concept of “Involving All”. Under such leadership, we fostered a culture drawing everyone’s attention to safety, encouraging everyone’s participation in safety, and facilitating everyone’s supervision on safety, which reinforced accountability at all levels and strengthened execution in safety management, in order to further consolidate the foundation of the Company’s safety management.

At the same time, we continued to promote internal supervision as well as dynamic and transparent experience feedback. We organized regular emergency drills under different scenarios and ensured effective operation of safety management system.

In 2021, according to the International Nuclear and Radiological Event Scale 《國際核事件分級表》^{note} (the “INES”) set by the International Atomic Energy Agency (“IAEA”), the NPPs we operated and managed had maintained our all-time good safety record of no nuclear event at level 2 or above.

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 termed “incident”, while Level 4 to Level 7 are termed “accidents”. Events below such scale are deviations without safety significance.

For the related activities of safety management, please refer to the 2021 ESG Report of the Company.

Nuclear Power Generating Units in Operation

In 2021, all nuclear power generating units in operation managed by us maintained safe and stable operation, with a total annual on-grid power generation of 201,150.85 GWh, representing an **increase of 7.86%** as compared with 2020.

| Name of NPP | On-grid power generation from January to December 2021 (GWh) | On-grid power generation from January to December 2020 (GWh) | Change rate for the corresponding period (%) |
|---|--|--|--|
| <i>From subsidiaries</i> | | | |
| Daya Bay NPP | 15,742.98 | 15,873.55 | -0.82 |
| Ling'ao NPP | 15,585.09 | 14,563.80 | 7.01 |
| Lingdong NPP | 14,682.91 | 14,876.95 | -1.30 |
| Yangjiang NPP | 49,215.06 | 42,492.75 | 15.82 |
| Fangchenggang NPP | 17,056.35 | 15,820.20 | 7.81 |
| Ningde NPP | 33,154.86 | 30,638.57 | 8.21 |
| Taishan NPP | 18,487.18 | 21,572.60 | -14.30 |
| Subsidiaries, total | 163,924.42 | 155,838.42 | 5.19 |
| <i>From associates</i> | | | |
| Hongyanhe NPP | 37,226.43 | 30,648.98 | 21.46 |
| Subsidiaries and associates, total | 201,150.85 | 186,487.40 | 7.86 |

Daya Bay NPP: The duration of the refuelling outage in 2021 was basically the same as compared with 2020.

Ling'ao NPP: The duration of the refuelling outage in 2021 was basically the same as compared with 2020. The time of temporary operation at reduced load or shutdown for standby at the request of power grid in 2021 was shorter as compared with the corresponding period of 2020.

Lingdong NPP: The duration of the refuelling outage in 2021 was longer as compared with 2020.

Yangjiang NPP: The duration of the refuelling outage in 2021 was shorter as compared with 2020. The time of temporary operation at reduced load or shutdown for standby at the request of power grid in 2021 was shorter as compared with the corresponding period of 2020.

Fangchenggang NPP: The duration of the refuelling outage in 2021 was shorter as compared with 2020. The time of temporary operation at reduced load or shutdown for standby at the request of power grid in 2021 was shorter as compared with the corresponding period of 2020.

Ningde NPP: The duration of the refuelling outage in 2021 was basically the same as compared with 2020. The time of temporary operation at reduced load or shutdown for standby at the request of power grid in 2021 was shorter as compared with the corresponding period of 2020.

Taishan NPP: It completed the initial outage for Unit 2 in 2021 and completed the initial outage for Unit 1 in 2020. Taishan Unit 1 began shutdown and inspection on July 30, 2021.

Hongyanhe NPP: Hongyanhe Unit 5 commenced commercial operation on July 31, 2021. The duration of the refuelling outage in 2021 was longer as compared with 2020. The time of temporary operation at reduced load or shutdown for standby at the request of power grid in 2021 was shorter as compared with the corresponding period of 2020.

Business Performance and Analysis

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 affected by the effects of refuelling outages for the generating units. Meanwhile, load factor and utilization hours of nuclear power generating units are also affected by load reduction and being put on standby due to transmission line maintenance or as a result of demand and supply conditions in the electricity market.

In 2021, we had 25 nuclear power generating units in operation, with an average capacity factor of 91.58%, an average load factor of 89.78% and average utilization hours of 7,731 hours, as compared with 92.03%, 83.75% and 7,309 hours of the 24 nuclear power generating units in operation in 2020. The details of the operation performance of generating units we operated and managed in 2021 are as follows:

| Nuclear Power Generating Unit | Capacity factor (%) | | Load factor (%) | | Utilization hours (hours) | |
|---|---------------------|--------------------|-----------------|--------------------|---------------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| <i>From subsidiaries</i> | | | | | | |
| Daya Bay Unit 1 | 88.92 | 99.99 | 90.01 | 101.64 | 7,886 | 8,930 |
| Daya Bay Unit 2 | 99.98 | 89.21 | 101.02 | 90.41 | 8,851 | 7,944 |
| Ling'ao Unit 1 | 89.67 | 99.99 | 89.52 | 90.71 | 7,839 | 7,965 |
| Ling'ao Unit 2 | 99.98 | 89.17 | 98.03 | 84.18 | 8,585 | 7,393 |
| Lingdong Unit 1 | 83.40 | 90.71 | 81.66 | 84.22 | 7,147 | 7,392 |
| Lingdong Unit 2 | 86.11 | 92.77 | 82.34 | 81.86 | 7,207 | 7,184 |
| Yangjiang Unit 1 | 88.72 | 98.50 | 88.51 | 90.85 | 7,754 | 7,980 |
| Yangjiang Unit 2 | 99.97 | 85.96 | 98.07 | 72.91 | 8,591 | 6,404 |
| Yangjiang Unit 3 | 93.02 | 85.51 | 87.39 | 73.72 | 7,655 | 6,476 |
| Yangjiang Unit 4 | 89.41 | 96.18 | 89.15 | 89.02 | 7,810 | 7,820 |
| Yangjiang Unit 5 | 94.40 | 92.64 | 91.62 | 81.89 | 8,026 | 7,194 |
| Yangjiang Unit 6 | 98.02 | 81.82 | 95.31 | 66.56 | 8,349 | 5,846 |
| Fangchenggang Unit 1 | 92.69 | 91.20 | 91.26 | 88.42 | 7,995 | 7,767 |
| Fangchenggang Unit 2 | 99.99 | 91.98 | 99.27 | 88.08 | 8,696 | 7,737 |
| Ningde Unit 1 | 91.26 | 91.39 | 90.06 | 83.22 | 7,889 | 7,310 |
| Ningde Unit 2 | 88.16 | 99.99 | 89.78 | 90.32 | 7,864 | 7,934 |
| Ningde Unit 3 | 92.90 | 96.73 | 90.56 | 87.39 | 7,933 | 7,676 |
| Ningde Unit 4 | 99.97 | 91.22 | 99.58 | 81.46 | 8,723 | 7,156 |
| Taishan Unit 1 | 55.79 | 71.56 | 53.03 | 63.52 | 4,645 | 5,580 |
| Taishan Unit 2 | 78.96 | 97.71 | 75.80 | 86.87 | 6,640 | 7,631 |
| <i>From associates</i> | | | | | | |
| Hongyanhe Unit 1 | 92.56 | 91.09 | 97.59 | 85.89 | 8,549 | 7,544 |
| Hongyanhe Unit 2 | 90.70 | 90.88 | 88.89 | 84.53 | 7,787 | 7,425 |
| Hongyanhe Unit 3 | 95.06 | 99.78 | 86.32 | 75.63 | 7,562 | 6,643 |
| Hongyanhe Unit 4 | 99.99 | 92.74 | 90.40 | 86.71 | 7,919 | 7,617 |
| Hongyanhe Unit 5 | 99.99 | Under construction | 99.33 | Under construction | 8,584 | Under construction |
| <i>From subsidiaries and associates</i> | | | | | | |
| Average | 91.58 | 92.03 | 89.78 | 83.75 | 7,731 | 7,309 |

Based on the design of pressurised water reactor (the “PWR”) NPPs, 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 NPPs into account, nuclear power operators often make use of the refuelling period to intensively conduct preventive and corrective maintenance, inspection and testing projects as well as various modifications projects, and this is usually referred to as refuelling outage of generating units. The designed refuelling intervals of Hongyanhe Unit 3 and Unit 4 are generally 12 months, while the designed refuelling intervals for other nuclear power generating units are generally 18 months.

Refuelling outages intervals of nuclear power generating units are not fixed to every 12 to 18 months. On the premise of ensuring the safe operation of the generating units, we usually take local power load fluctuations into account and take the initiative to communicate with local power grid companies to rationalize the refuelling outage plans for generating units. As the requirements for inspection and maintenance projects are different, the duration of each refuelling outage is not identical. More inspection items are required for the initial and ten-year outages, resulting in a longer inspection period compared with that of regular refuelling outages. 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 2021, we conducted a total of 16 refuelling outages, which included an initial outage and two ten-year outages, and successfully completed all of them as at the end of December 2021. The total number of calendar days for the refuelling outages in 2021 was about 557 days.



Business Performance and Analysis

The mission of refueling outage

Refueling

The NPP must replace part of the nuclear fuel at the end of fuel life

Testing

In-service inspection and regular testing of equipment are conducted according to regulatory requirements

Modification

Modification to the system or equipment conducted during refueling outage to eliminate and solve the defects in design or installation of power generating units, ageing of equipment and to perform technical updates

Maintenance

Preventive and corrective maintenance conducted to enhance the operation capability for the next fuel cycle



Refueling outage

A cycle for nuclear power generating unit refueling outage (12 or 18 months)

Initial outage

The initial nuclear power generating unit refueling outage (in general 12 months)

10-year outage

Conducted every 10 years after the initial outage

To ensure that the nuclear power generating units maintain good operating conditions in the next cycle according to the design requirements

“Pursuit of Excellence” is one of the basic principles of the Company. In order to discover our inadequacies and make continuous improvements, we continue to implement benchmarking with international peers. When compared with the one year benchmark value of all of the 12 performance indicators for the World Association of Nuclear Operations (“WANO”) peer review, for our nuclear power generating units, the ratio of performance indicators achieving the world’s top 1/4 level (advanced level) and top 1/10 level (excellent level) remained at a relatively high level, leading among industry peers.

The following table indicates the comparison of 25 nuclear power generating units in operation managed by us for 2021 and the one-year benchmark value of the 12 performance indicators for the WANO peer review in 2020:

| | 2021 | 2020 |
|--|------------|------------|
| Number of units | 25 | 24 |
| Total number of indicators | 300 | 288 |
| Including: | | |
| Number/percentage of indicators ranked top 1/4 (advanced level) in the world | 249/83.00% | 209/72.57% |
| Number/percentage of indicators ranked top 1/10 (excellent level) in the world | 241/80.33% | 201/69.79% |

Environmental Performance

We continued to improve radioactive waste management, optimize the control over the discharge process of liquid radioactive waste and gas radioactive waste (the “Discharge”) and strictly complied with emission control standards. In 2021, the radioactive waste management of all 25 generating units in operation managed by us strictly complied with the national laws and regulations, and met the standards of the relevant technical specifications.

The following table sets forth the amounts of the various types of radioactive waste discharged at our NPPs for the period indicated as a percentage of the annual limits approved by the national regulatory authorities. The total amounts of the Discharge from our NPPs were far below the applicable approved national annual limits.

| | Daya Bay Base Area (including Daya Bay NPP, Ling'ao NPP and Lingdong NPP) | | Yangjiang NPP | | Fangchenggang NPP | | Ningde NPP | | Taishan NPP | | Hongyanhe NPP | |
|--|--|--------|---------------|--------|-------------------|--------|------------|--------|-------------|--------|---------------|--------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Discharged liquid radioactive waste (radionuclides other than tritium) as a percentage of the approved national annual limits | 0.24% | 0.24% | 0.39% | 0.41% | 0.20% | 0.30% | 0.40% | 0.37% | 6.24% | 4.85% | 0.26% | 0.15% |
| Discharged gas radioactive waste (inert gases) as a percentage of the approved national annual limits | 0.46% | 0.42% | 0.19% | 0.21% | 0.29% | 0.30% | 0.27% | 0.30% | 8.67% | 2.19% | 1.87% | 0.14% |
| Solid radioactive waste (m ³) | 166.7 | 230.3 | 88.6 | 102.4 | 72.2 | 74.0 | 63.6 | 110.4 | 0 | 0 | 92.4 | 120.0 |
| Results of environmental monitoring | Normal | Normal | Normal | Normal | Normal | Normal | Normal | Normal | Normal | Normal | Normal | Normal |

Note: The main reasons for changes in the data include: the refuelling outage plan and maintenance project are different for every unit, the annual discharge limit of Taishan NPP is different from other power stations, and there is no comparability between the power stations.

The national regulatory authorities continuously monitored the time used for absorption (the “Airabsorbed Rates”) in the periphery of our nuclear power generating units in operation in the PRC. The monitoring data indicated that the Airabsorbed Rates fell within the fluctuation range of local background radiation levels.

Nuclear power is a **clean energy** source that contributes to energy saving and emission reduction to the society. Our annual on-grid nuclear power generation in effect represented a reduction of approximately 60.8481 million tons of standard coal consumption, approximately 167.3575 million tons of CO₂ emissions, approximately 32,200 tons of sulphur dioxide emissions, and approximately 36,000 tons of oxynitride emissions.

Business Performance and Analysis

Nuclear Power Generating Units under Construction

The construction quality of nuclear power generating units under construction is the foundation for the long-term **safe and stable operations** of nuclear power generating units after commencement of operation. We meticulously organize project construction in strict compliance with the requirements of relevant laws and regulations as well as various safety, quality and management standards. The quality of all raw materials, equipment and major projects milestones has passed quality inspections by the relevant construction units and national regulatory authorities, only the design standards being met can the next phase of work commence. The process subsists until the project completed commissioning and is handed over to the operating personnel. At the same time, we attach importance to learning from experience feedbacks of domestic and foreign construction of nuclear power generating units, and continuously improving of the safety and quality of construction work.

As at December 31, 2021, among seven nuclear power generating units we constructed, three were in the civil construction phase (all units under construction which were entrusted to the Company by the controlling shareholder of the Company for management), two were in the equipment installation phase and two were in the commissioning phase. Fangchenggang Unit 3 commenced the cold functional test on May 15, 2021 and entered the commissioning phase. Huizhou Unit 1 completed the roof installation on December 24, 2021, and entered the equipment installation phase. Cangnan Unit 2 officially commenced construction on December 30, 2021 and entered the civil construction phase.

We controlled, supervised and managed aspects including the safety, quality, progress, investment, technology and environment of our construction projects with high standards and strict requirements, so as to ensure that the projects under construction complied with various regulatory requirements and standards in terms of safety and quality to facilitate long-term **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 Time of Commencement of Operation |
|--|---------------------------------------|---|----------------------------------|------------------------------------|--|
| <i>From subsidiaries</i> | | | | | |
| Fangchenggang Unit 3 | | | ✓ | | Second half of 2022 |
| Fangchenggang Unit 4 | | ✓ | | | First half of 2024 |
| <i>From associates</i> | | | | | |
| Hongyanhe Unit 6 | | | ✓ | | First half of 2022 |
| <i>From companies which were entrusted by the controlling shareholder for management</i> | | | | | |
| Huizhou Unit 1 | | ✓ | | | 2025 |
| Huizhou Unit 2 | ✓ | | | | 2026 |
| Cangnan Unit 1 | ✓ | | | | 2026 |
| Cangnan Unit 2 | ✓ | | | | 2027 |

Notes:

1. "Civil construction" phase refers to the process from the First Concrete Day ("FCD") to the proper roof installation of the main plant of the nuclear reactor.
2. "Equipment installation" phase refers to the process from the installation of nuclear island equipment upon the roof installation of the main plant of the nuclear reactor to the nuclear island main system meeting the conditions to conduct cold function tests.
3. "Commissioning" phase refers to the process of conducting cold function tests for nuclear island main system and commencing joint commissioning for the power plant.
4. "Grid connection" phase refers to the commissioning of generators upon the first grid connection with the power grid, demonstrating that the units are capable for power generation.

Nuclear power generating units may be affected by various factors during the construction process, including delays in delivery, increased costs for major equipment and materials, delays in obtaining regulatory approvals, permits, or licenses, and unexpected engineering, environmental, or geographic issues, as well as implementation of other Chinese nuclear safety regulations and safety requirements, therefore, the actual date of operation may not match the expected date, and we will publish the latest information in a timely manner in accordance with the requirements of relevant rules in case of any change in our production plan.

Fangchenggang Nuclear has completed an evaluation of the risks related to the project construction of the Fangchenggang Unit 3 and Unit 4. After due consideration, the expected date of commencement of operation of Fangchenggang Unit 3 will be the second half of 2022 and the expected date of commencement of operation of Fangchenggang Unit 4 has been adjusted to the first half of 2024. For details, please refer to the announcement of the Company dated January 26, 2022.

Sales of Electricity

We sell the electricity generated by our NPPs based on electricity sales contracts. In 2021, the on-grid power generation of our subsidiaries was 163,924.42 GWh. CGN Power Sales Co., Ltd. (中廣核電力銷售有限公司), being our subsidiary, recorded actual electricity consumption of agent clients other than the Group of approximately 436.1 GWh, and the sales revenue of electricity was approximately RMB58,709.2 million in total, representing 72.77% of our operating revenue for the year.

In 2021, the total electricity consumption in the PRC reached 8,312,763.8 GWh, with an increase of 10.34% as compared with 2020. Power supply and demand was tight over certain periods in the second half of 2021, and certain provinces and regions launch plans on orderly power consumption. Nuclear power generating units managed by us actively coordinated with power grid schedules, and fully utilized our advantages as to stability to continue to generate electricity at full load, which fully addresses the power demand in the society. In 2021, the Company continued to implement the power sales strategy of **“striving for more shares of planned on-grid power generation, striving for better market power generation and power tariff, striving for development and utilization of incremental market and striving for more shares in power transmission across provinces and regions”**, and exceeded its annual power generation plan while improving its overall economic benefits.

In 2021, our nuclear power generating units in operation achieved a total on-grid power generation of 201,150.85 GWh, representing a year-on-year increase of 7.86%, of which the market-based power generation volume accounted for approximately 39.15% of the total on-grid power generation, representing an increase of 5.63 percentage points as compared with 2020.

Business Performance and Analysis

Guangdong Province: The electricity consumption in the province increased by 13.58% in 2021 over the corresponding period of previous year. The Company's nuclear power generating units in Guangdong province continued to participate in the electricity market in the "full capacity power generation with favorable tariff" model in 2021, in which, Ling'ao Unit 2 and Yangjiang Unit 2 participated in the electricity market transactions with a total of 3,329 GWh. In 2021, the on-grid power generation of the nuclear power generating units within the Guangdong province increased by 3.96% over the corresponding period of previous year.

Fujian Province: The electricity consumption in the province increased by 14.24% in 2021 over the corresponding period of previous year. In 2021, the on-grid power generation of Ningde Nuclear increased by 8.21% over the corresponding period of previous year.

Guangxi Zhuang Autonomous Region: The electricity consumption in the province increased by 10.22% in 2021 over the corresponding period of previous year. Fangchenggang Nuclear continued to develop the incremental market, and its on-grid power generation in 2021 increased by 7.81% over the corresponding period of previous year.

Liaoning Province: The electricity consumption in the province increased by 6.28% in 2021 over the corresponding period of previous year. With proactive market expansion, Hongyanhe Nuclear entered into larger transactions within the province, and recorded a year-on-year increase in the trading volume of bilateral trades in the province. In 2021, its on-grid power generation increased by 21.46% over the corresponding period of previous year.

In 2021, CGN Power Sales Co., Ltd. (中廣核電力銷售有限公司), being our subsidiary, made vigorous efforts in penetrating and closely tracking situations of electricity market in Guangdong Province, and got involved in market transactions proactively. The actual electricity consumption of our 38 retail agent clients amounted to approximately 2,300 GWh (including agent clients other than the Group).

We paid close attention to the on-grid tariffs of operating units. The Company's on-grid tariffs for operating units are classified into Planned Tariffs and Market-based Tariffs. The Planned Tariffs are approved by the relevant government authorities, and the Market-based Tariffs are formed through market-based transactions. On July 14, 2021, Hongyanhe Nuclear received the Approval of the Provincial Development and Reform Commission on the Temporary On-grid Tariff for Unit 5 of the Phase II of Liaoning Hongyanhe Nuclear Power Project (《省發展改革委關於遼寧紅沿河核電二期工程 5 號機組臨時上網電價的批覆》) issued by the Liaoning Provincial Development and Reform Commission. According to the approval, the temporary on-grid tariff of Hongyanhe Unit 5 shall be RMB0.3749/kWh (tax inclusive), the implementation period of which shall commence from the date of commercial operation of Hongyanhe Unit 5 and end on the date of commercial operation of Hongyanhe Unit 6. In 2021, the Planned Tariffs of other operating units of the Company remained unchanged. The Market-based Tariffs of the Company in 2021 remained stable as compared with 2020.

As at December 31, 2021, the Planned Tariffs (VAT included) of our nuclear power generating units in operation are as follows:

| Nuclear Power Generating Units | Clients | Planned Tariffs (VAT included) (RMB/kWh) |
|---|-----------------------------------|--|
| Daya Bay Unit 1 and Unit 2 | Guangdong Power Grid Co., Ltd. | 0.4056 |
| Ling'ao Unit 1 and Unit 2 | Guangdong Power Grid Co., Ltd. | 0.4143 |
| Lingdong Unit 1 and Unit 2 | Guangdong Power Grid Co., Ltd. | 0.4153 |
| Yangjiang Unit 1 to Unit 6 | Guangdong Power Grid Co., Ltd. | 0.4153 |
| Fangchenggang Unit 1 and Unit 2 | Guangxi Power Grid Co., Ltd. | 0.4063 |
| Ningde Unit 1 and Unit 2 | Fujian Electric Power Co., Ltd. | 0.4153 |
| Ningde Unit 3 | Fujian Electric Power Co., Ltd. | 0.3916 |
| Ningde Unit 4 | Fujian Electric Power Co., Ltd. | 0.3590 |
| Taishan Unit 1 and Unit 2 ^{Note} | Guangdong Power Grid Co., Ltd. | 0.4350 |
| Hongyanhe Unit 1 to Unit 4 | Liaoning Electric Power Co., Ltd. | 0.3823 |
| Hongyanhe Unit 5 | Liaoning Electric Power Co., Ltd. | 0.3749 |

Notes:

According to the Notice of the National Development and Reform Commission on the Trial On-Grid Tariffs for the First Batch of Third-Generation Nuclear Power Projects 《國家發展改革委關於三代核電首批項目試行上網電價的通知》 received by the Company on March 27, 2019, (1) the trial on-grid tariffs under the planned power of Taishan Unit 1 and Unit 2 shall be at RMB0.4350/kWh (tax inclusive) and shall take effect from the date of production commencement to the end of 2021; and (2) on the basis of ensuring safety, the power generation plan in related provinces shall be arranged according to the principle of full capacity. Power generation within the utilization hours in the project design shall be executed at government price while power generation beyond the utilization hours shall be executed at market price. According to the relevant notice from the National Development and Reform Commission received by the Company on December 22, 2021, the above policy will continue to be implemented.

SCS Management and Lean Management

In 2021, we continued to promote the SCS management strategy, and achieved certain results. For instance, we have established a comprehensive system for managing the total inventory of spare parts, inventory structure, and inventory strategy model. Relying on digital transformation and management optimization, we have achieved an average delivery rate of 97.91% of spare parts used in outages, and a guarantee rate of 100% of key spare parts used in outages. The three-year turnover rate of newly added spare parts in the multi-site plants reached 83%, and the utilization rate of spare parts used in outages in the multi-site plants reached 94%.

In 2021, in the face of complex situations such as the normalization of pandemic prevention and control as well as the overlapping ten-year outages, we continued to promote the strategy of lean production and operation. By optimizing outages arrangement and maintenance strategy, we promoted construction of core capabilities for outages, increased the application of new technologies and new processes, and continued to optimize the cost of outages. For example, when we carried out the fourth outage of Yangjiang Unit 3, we fully implemented the safety production accountability system, strengthened the accountability of the personnel of the smallest operation unit, and implemented transparent safety standards. We quantified the quality standards for maintenance, strengthened three-level quality control management in outages activities, and set high goals for key tasks. Our outages period has set a record for the shortest annual outages period for CPR1000 series units in the PRC.

Future Outlook

Against the national backdrop of striving to peak carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060, in the “14th Five-Year Plan” and in the medium to long run, the development of the nuclear power industry is and will still be in an important strategic opportunity period. The Company’s development and operation are facing a lot of new requirements and new changes. We will adhere to the nuclear safety culture with “Honesty and Transparency” and the basic principles of “Safety First, Quality Foremost, Pursuit of Excellence” to explore new ideas, actively plan and respond.

During the “14th Five-Year Plan” period, aiming to achieve the 2035 long-term goals, the Company will focus on the five “first-class” goals in respect of safety and quality, construction, technology innovation, operational efficiency and enterprise management. In addition, the Company will strive to strengthen its foundation, expand its competitive edges, remedy its shortcomings, strengthen its weaknesses, as well as facilitate industry development and expansion, thereby achieving higher quality, more efficient, fair, sustainable, and safer development.

In 2022, we plan to carry out the following initiatives:

- 1 In conformity with the new environment, we will continue to carry out safety standardization and international benchmarking, further strengthen risk control in daily production and health management of major equipment, continue to promote overall excellence in outage management, strengthen the construction of safety culture, implement measures applying new technology to avoid human errors, and enhance industrial safety, fire control and network information security management, in order to guarantee nuclear power safety;
- 2 On the premise of ensuring safety and quality, we will push forward construction of generating units (including entrusted management projects) as planned, in order to achieve that Hongyanhe Unit 6 to commence high quality commercial operation in the first half of 2022, and strive to meet the conditions for commercial operation of Fangchenggang Unit 3 during the year;
- 3 We will ensure the safe and stable operation of all the generating units in operation. We plan to conduct 20 refuelling outages during the year (including one 10-year outage and one initial outage). We will conduct seven refuelling outages in the first quarter, six in the second quarter, five in the third quarter, and two in the fourth quarter;

4 We will adapt to the changes in the electricity market situation, strengthen the marketing system and mechanism of electricity market, as well as the development of marketing capabilities for electricity market to strive for more on-grid generation through various channels and initiatives. According to the Notice on Doing a Good Job in Electricity Market Annual Transactions in 2022 《關於做好 2022 年電力市場年度交易工作的通知》 issued by the Energy Administration of Guangdong Province (廣東省能源局), a total of 10 units of Ling'ao Nuclear, Lingdong Nuclear and Yangjiang Nuclear will take 7,500 hours as the benchmark value, and arrange not more than 11.293 billion kilowatts in total to participate in power market transactions. We will also pay close attention to the electricity market environment in other provinces and regions and adopt targeted marketing strategies, striving to achieve an average utilization hour of generating units in 2022 not less than the average of the average utilization hour of generating units for the last three years;

5 We will promote reliability of fuels and equipment, and improve safety system performance of power generating units with business growth driven by independent innovation such as transformation and application of technology innovation results and technical transformation, in order to facilitate the sustainable development of the Company. We will strengthen the transformation and application of scientific research results to the external market to create greater economic value;

6 We will continuously push forward the implementation of SCS management strategy and lean management and strengthen internal resource coordination and cooperation to strengthen our control on construction cost of units under construction as well as further control on operation and maintenance cost of generating units in operation; and

7 We will closely follow the change of national policy, 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

- 46** Production Capital
- 50** Intellectual Capital
- 54** Human Capital
- 65** Financial Capital
- 72** Environmental Capital
- 74** Social and Relationship Capital



Production Capital

Our production capital is mainly the nuclear power units we manage (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.



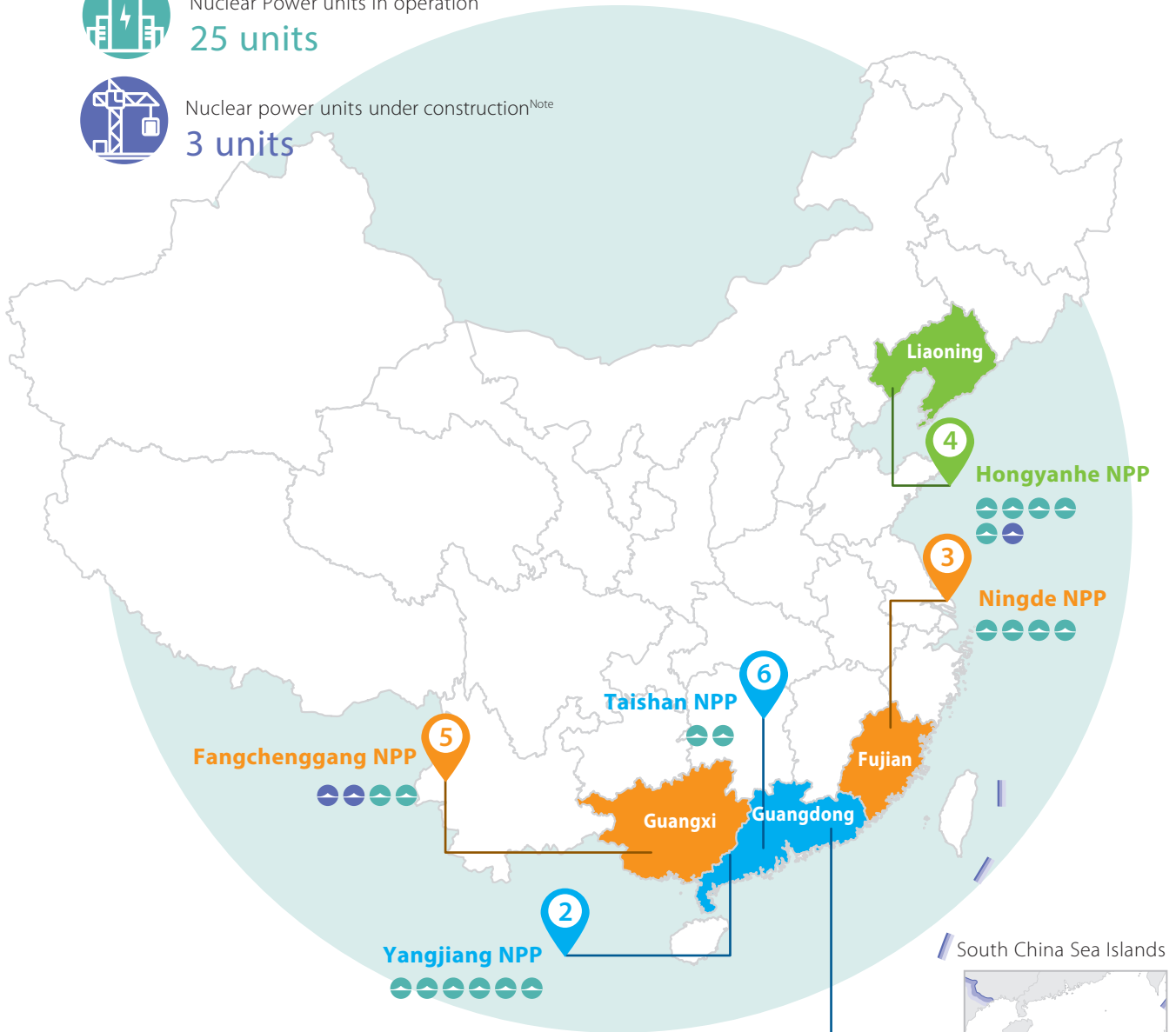
Nuclear Power units in operation

25 units



Nuclear power units under construction^{Note}

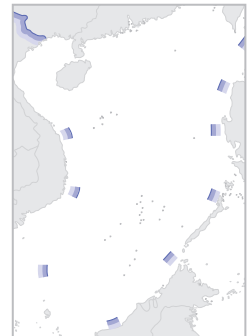
3 units



- Nuclear power units in operation
- Nuclear power units under construction

Note: Excluding Huizhou Unit 1 and Unit 2 and Cngnan Unit 1 and Unit 2 managed by the Company as entrusted by the controlling shareholder of the Company. Huizhou Nuclear Power Project and Cngnan Nuclear Power Project use HPR1000 technology.

Daya Bay NPP
Ling'ao NPP
Lingdong NPP



**Unit 1 and Unit 2 of Daya Bay NPP:**

Located in Shenzhen City of Guangdong Province, Daya Bay NPP has two nuclear power generating units in operation, both of which have a single-unit installed capacity of 984MW and use M310 technology. Daya Bay NPP is a large commercial PWR NPP that was built in the PRC by utilizing foreign Investment, advanced technology and management experience. Unit 1 commenced commercial operation on February 1, 1994 and is the first commercial nuclear power unit that commenced commercial operation in the PRC.

Unit 1 and Unit 2 of Ling'ao NPP:

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

Unit 1 and Unit 2 of Lingdong NPP:

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

**Unit 1 to Unit 6 of Yangjiang NPP:**

Located in Yangjiang City of Guangdong Province, Yangjiang NPP has six nuclear power generating units in operation with a single-unit installed capacity of 1,086MW. Unit 1 to Unit 4 of Yangjiang NPP use CPR1000 series technology, and Unit 5 and Unit 6 use ACPR1000 technology. Yangjiang NPP is a key energy development project under the PRC's 11th 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.

**Unit 1 to Unit 4 of Ningde NPP:**

Located in Ningde City of Fujian Province, Ningde NPP has four nuclear power generating units in operation, which have a single-unit installed capacity of 1,089MW and use CPR1000 technology. Ningde NPP is the first NPP that commenced commercial operation in Fujian Province of the PRC.

**Unit 1 to Unit 6 of Hongyanhe NPP:**

Located in Dalian City of Liaoning Province, Hongyanhe NPP has six nuclear power generating units. Unit 1 to Unit 5 are units in operation with a single-unit installed capacity of 1,119MW, while Unit 6 is still under construction. Unit 1 to Unit 4 of Hongyanhe NPP use CPR1000 technology, while Unit 5 and Unit 6 use ACPR1000 technology. Hongyanhe NPP is the first NPP that commenced commercial operation in Northeast PRC.

**Unit 1 to Unit 4 of Fangchenggang NPP:**

Located in Fangchenggang City in Guangxi Zhuang Autonomous Region, Fangchenggang Phase I includes Unit 1 and Unit 2 which are in operation with a single-unit installed capacity of 1,086MW. Unit 1 and Unit 2 use CPR1000 technology. Fangchenggang Phase II includes Unit 3 and Unit 4 which are still under construction with a single-unit installed capacity of 1,180MW. Unit 3 and Unit 4 use HPR1000 technology. Fangchenggang NPP is the first NPP in western PRC.

**Unit 1 and Unit 2 of Taishan NPP:**

Located in Taishan City of Guangdong Province, Taishan NPP has two nuclear power generating units in operation with a single-unit installed capacity of 1,750MW. Both nuclear power generating units use EPR technology. Taishan NPP was invested and constructed by a Sino-French joint venture and adopts the third-generation nuclear power technology of EPR.

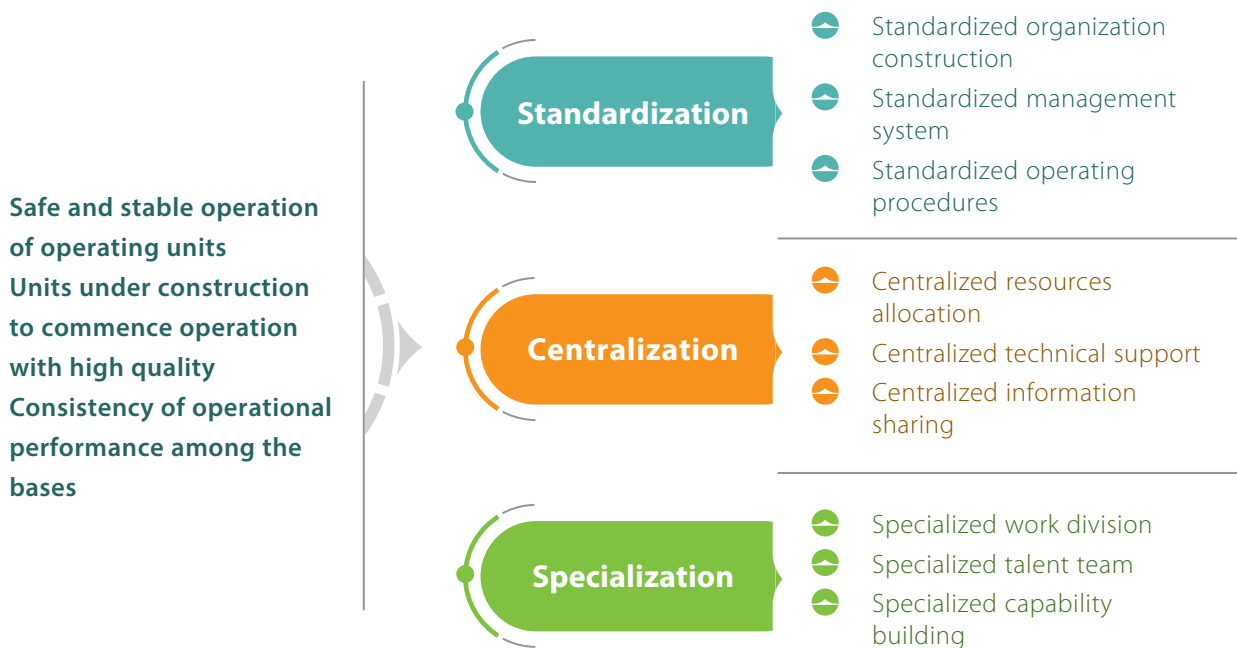
Production Capital

Management Strategy

Since the Daya Bay NPP commenced commercial operation, the number of nuclear power generating units in operation and under construction managed by the Company gradually increased, and the number of nuclear power bases increased from 1 to multiple bases across different provinces, which increased the management scope and management difficulty of the Company. We continue to optimize our management strategies as always. Over the years, through implementation of benchmarking, we carried out multi-layered safety supervision and evaluation, promoted the SCS management, continuously promoted safety management of the Company to enable the Company to adapt to changes of internal and external situations, thereby promoting our ongoing improvement in operational level and performance in the process of growing business scale.

SCS Management

To maintain the safe and stable operation of all operating units, ensure commencement of commercial operation of units under construction with high quality and achieve good operational performance of all bases, the Company has implemented SCS management on all nuclear power bases.



For specialization, the Company owns specialized companies including CGN Operations, CNPRI, SNPI and CGN Engineering, thus offering specialized services for NPPs in respect of refuelling outage, engineering modification, equipment management, spare parts management as well as design and construction of NPPs. In addition, based on the production, operation and management features of NPPs, we pooled superior resources of NPPs and specialized companies to establish peer groups (the “PG Groups”) with 22 functions. Each PG Group comprises specialized technical managers from the Company, each NPP and specialized companies. The PG Groups focus on inter-organization coordination and management in respect of aspects including communication and exchanges, problem-driven approach and capability cultivation. They provide targeted solutions to common technical problems of NPPs with the help of our professional team, promote the application of new tools, new technologies and good practice, enhance professional capabilities in various areas as well as continuously facilitate each NPP to pursue excellence.

For centralization, we continuously enhanced economy of power generating units and maximized overall value through centralized management such as by means of optimized resources allocation, effective operation of centralized platform and information sharing. We have established a centralized tendering center, and continued to facilitate standardization and informationization construction in respect of tender management, spare parts management and other aspects. We have enhanced our management efficiency by making full use of big data, gradually expanded the centralized procurement scope of spare parts and common materials, implemented resources allocation, improved our bargaining power for centralized procurement, optimized procurement channels, and achieved huge cost effectiveness.

For standardization, we established the OPST (Organization, Procedure and process, Knowledge and skill and System tools) management model for key operating areas, which are unified organization and management system, unified skill standards and procedure and process system, unified job qualification and authorization training system, and unified operation management tools.



Intellectual Capital



Strong technical foundation and technical R&D capabilities are among the core resources for our sustainable development. We always focus on technical R&D that improves our business 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 NPP 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 technology.

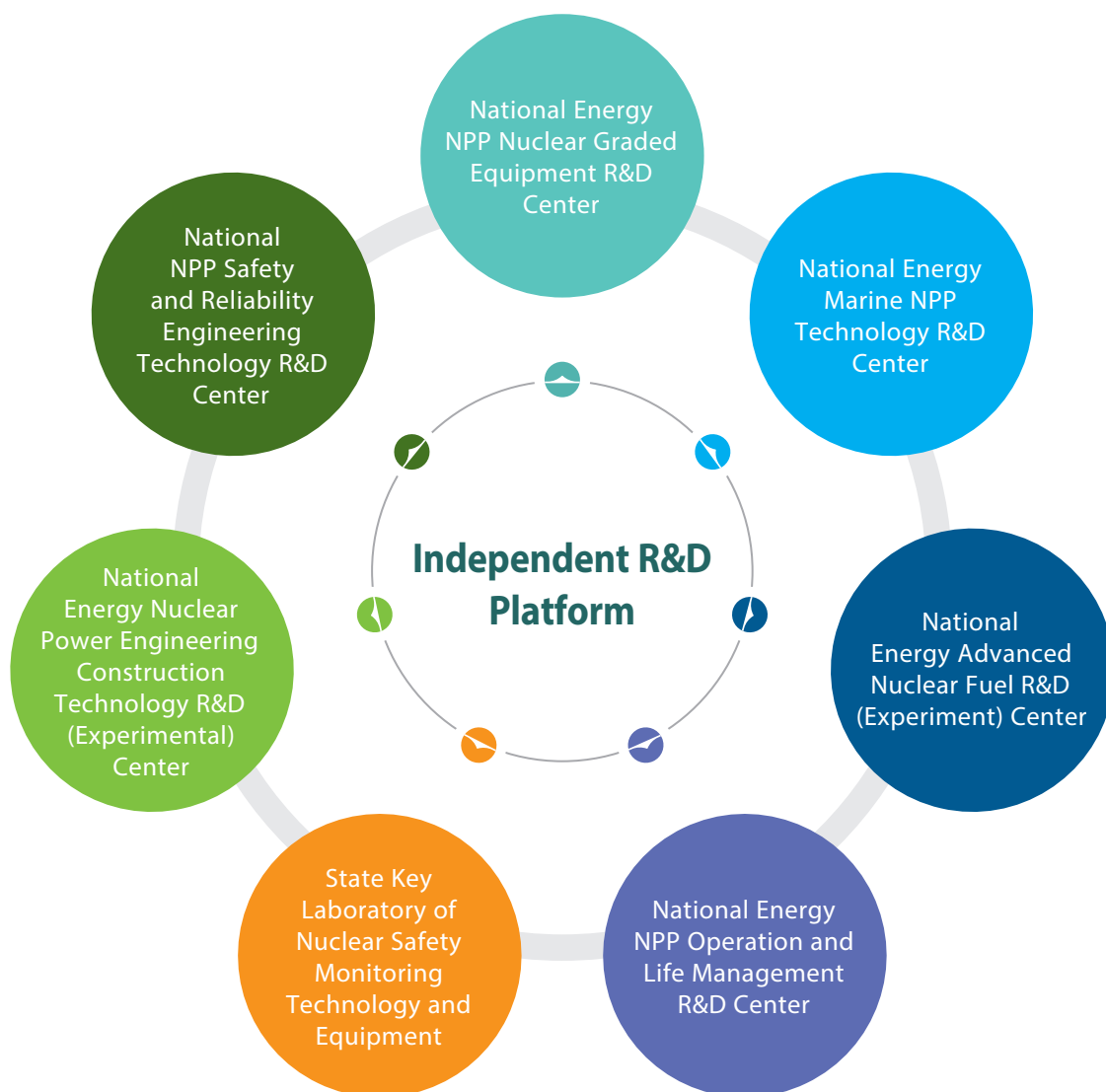
On the foundation of the M310 reactor technology used by Daya Bay NPP, we implemented a series of major technological improvements (including 16 safety technology improvements) to create the advanced second-generation CPR1000 series nuclear power technology with our own brand. In reference to the latest 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 major features of third-generation nuclear power technology.

We researched and developed the proprietary intellectual property rights of the third-generation nuclear power technology HPR1000. HPR1000 is a gigawatt-level third-generation nuclear power technology with proprietary intellectual property rights developed on the basis of experience, technology and talents from the PRC’s NPP design, construction, operation and development for more than three decades. 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 the demonstration projects of the HPR1000 technology, and have commenced construction since December 24, 2015 and December 23, 2016, respectively. The construction of the two generating units is currently progressing in an orderly manner. Huizhou Unit 1 and Unit 2 and Cangnan Unit 1 and Unit 2 managed by the Company as entrusted by the controlling shareholder of the Company also adopt HPR1000 nuclear power technology and have commenced construction recently.

The PRC has made it clear that the third-generation nuclear power technology will be the main stream in the future nuclear power projects. Based on our HPR1000 nuclear power technology, we continue to promote design optimization and technical improvement, so as to improve the economical efficiency of nuclear power. Meanwhile, we continue to track the latest development of fourth-generation reactor technology at home and abroad, and actively participate in the R&D of related technologies to maintain competitiveness and lay the foundation for the sustainable development of the Group.

Independent R&D Platform

We have developed R&D platform of the Company. We own one national engineering and technology center, one national key laboratory and five national R&D centers, and have established a number of large laboratories of advanced level within the industry. The establishment of independent R&D platform will help shorten the transformation cycle of scientific and technological achievements, improve the maturity, matching and engineering level of existing scientific and technological achievements, accelerate the reform of our production technology, promote the upgrading of technology, and provide us with basic technical support for enhancement of R&D capacity. As at the end of 2021, we had more than 4,700 R&D staff.



Intellectual Capital

R&D 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 NPPs, and continuously improve the safety, reliability and economy of units. We have also promoted part of the key technologies to markets outside of the Group, thus increasing our business opportunities.

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

| Name of technology/ equipment | Summary of technology | Benefits |
|--|--|--|
| Large-scale automatic welding technology for nuclear power projects | <p>The Company has independently developed a large-scale automatic welding construction technology for nuclear power projects. Compared with manual welding, automatic welding technology has significant advantages in welding efficiency and quality consistency. Different from traditional automatic welding whose R&D only focuses on a single type of components, this technical achievement can target various complex objects such as pipes, pools, steel linings and storage tanks of different materials in a NPP, covering more than 80% of the welding structures during NPP construction. At the same time, a large number of fault-tolerant verification tests were carried out during technology R&D to ensure the stability of the process, and the one-time pass rate of on-site application was over 98%. This technical achievement laid the foundation for the comprehensive promotion of automatic welding technology in nuclear power projects, improved the automation level of nuclear power projects, facilitated the development of construction technology in the nuclear power industry, and enhanced the Company's influence in the field of nuclear power projects.</p> <p>Leading domestic industry peers in general.</p> <p>Applied in the projects of Yangjiang NPP, Hongyanhe NPP, Fangchenggang NPP, Huizhou NPP and Cangnan NPP.</p> | <p>Enhanced economical efficiency and safety</p> |
| Fire numerical simulation technology of HPR1000 | <p>The Company developed a fire numerical simulation software with independent intellectual property rights, and completed software verification and validation (V&V). This technical achievement can accurately simulate the occurrence, development and spread of a fire, and conduct refined assessment of equipment failure caused by fire and the effectiveness of fire zone boundaries, providing strong support for improving the fire safety assessment and analysis capabilities of NPPs.</p> <p>Leading domestic industry peers in general.</p> <p>The research results have been applied in Fangchenggang NPP.</p> | <p>Enhanced safety</p> |

Intellectual Property Rights

Technical improvements and innovations can enhance the operational and safety performance of NPPs, and at the same time we also pay attention to acquire intellectual property rights accordingly during the course of technical R&D. We believe that owning these intellectual property rights will strengthen our competitiveness.

Statistics of our intellectual property rights from 2014 to 2021

| Year | Patent (Item) | | | | | | Authorship Registration (Item) | |
|-------|--------------------|---------------|--------|------------------|---------------|--------|--------------------------------|--------|
| | Patent Application | | | Patent Licensing | | | Software | Others |
| | Invention | Utility Model | Design | Invention | Utility Model | Design | | |
| 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 |
| 2017 | 437 | 413 | 3 | 269 | 267 | 1 | 140 | 25 |
| 2018 | 600 | 443 | 3 | 229 | 424 | 2 | 138 | 9 |
| 2019 | 644 | 461 | 5 | 297 | 440 | 7 | 155 | 22 |
| 2020 | 746 | 453 | 8 | 344 | 439 | 6 | 112 | 4 |
| 2021 | 795 | 476 | 11 | 352 | 529 | 12 | 177 | 8 |
| Total | 4,257 | 2,945 | 32 | 1,885 | 2,823 | 35 | 1,008 | 96 |

In 2021, 4 invention patents, namely the “Fuel Assembly Loading and Unloading Method of Pressurized Water Reactor Nuclear Power Plant” (壓水堆核電站的燃料元件裝卸方法) of CNPRI, and the “Transient Test Control Method and System During the Commissioning and Start-up of a Nuclear Power Plant” (一種核電站調試啟動過程中的瞬態試驗控制方法及系統), the “Nuclear Power Plant Unit Frequency Control Method and System” (一種核電廠機組頻率的控制方法及系統) and the “Cable for High Temperature Resistant Nuclear Power Plant and its Manufacturing Method” (一種耐高溫核電站用電纜及其製造方法) of CGN Engineering, won the 22nd WIPO-CNIPA Award for Chinese Outstanding Patented Invention & Industrial Design issued by the China National Intellectual Property Administration.



Human Capital



Having a team of sufficiently competent and experienced employees is the most valuable treasure of the Company. We always pay attention to the reasonable use and maintenance of human capital, and continuously improve the development and management system of human resources, thus cultivating a talented team with excellent management and technical personnel.

Talent Force

As at the end of 2021, we had 18,248 employees (excluding associates).

Employee Structure

Composition of employees in terms of profession

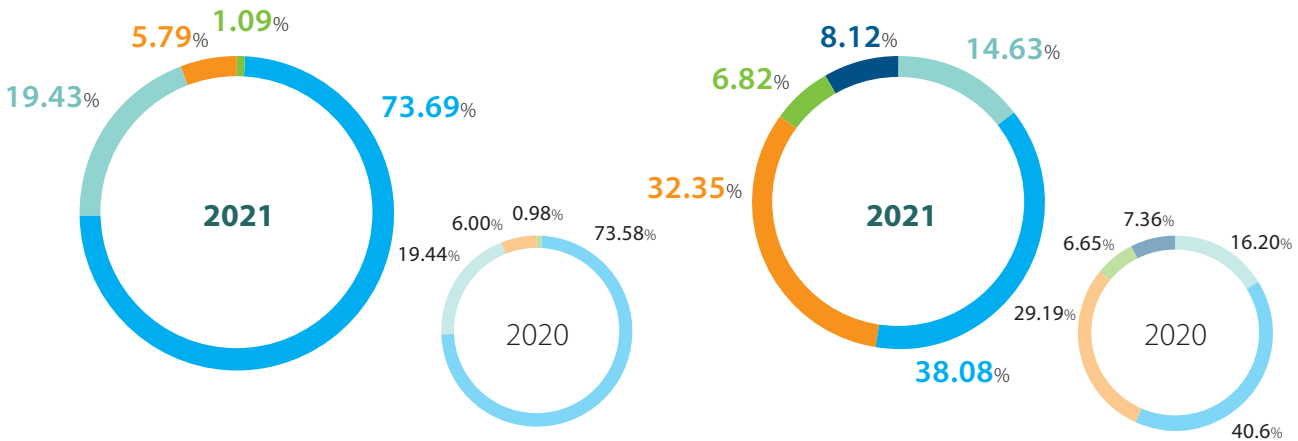
| Profession | Number of employees | |
|---|---------------------|--------|
| | 2021 | 2020 |
| Operation and management employees | 1,471 | 1,425 |
| Business function employees | 1,129 | 1,167 |
| On-site operation and support employees | 2,011 | 1,974 |
| Other technicians | 13,637 | 13,698 |
| Total | 18,248 | 18,264 |

Education level of employees (%)

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

Age composition of employees (%)

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



Recruitment of Talents

To meet the needs 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.

Considering from the perspectives of the echelon formation and talent cultivation, our recruitment of talents is focused on on-campus recruitment. In 2021, the Company recruited a total of 655 persons, among whom, 615 outstanding graduates were recruited through on-campus recruitment and 40 persons through general hiring.

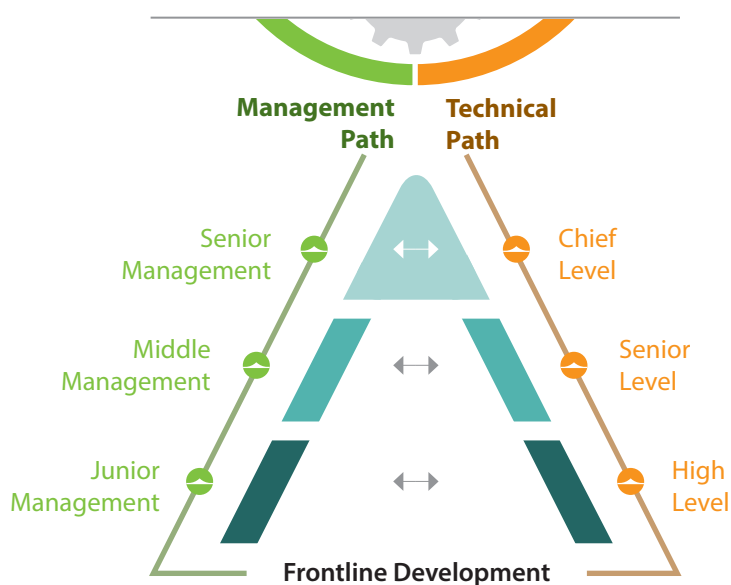
Personnel Management Development Paths

We respect the contribution made by each employee, pay attention 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 professional skills, 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 the business skills, becoming experienced professionals. At the same time, by incorporating the development strategies of the Company and personal development goals of employees, we continually improve the market element in the internal employment system and facilitate the reasonable and orderly flow of talents, thereby enhancing our allocation efficiency of human resources, realizing appreciation in human capital as well as offering more development opportunities for employees.

Two-channel promotion system for vertical and horizontal positions



Human Capital

Appraisal System

The Company is committed to the creation of a high performance organization. We pay attention to performance achievement of employees and organizations to ensure achievement of overall operation objectives of the Company. Through devising individual performance plans, we put the Company and our organization's goals into the work plans of employees at all levels, and carry out communication, counseling and follow-up during the course of the implementation of the plan. We mainly evaluate employees' work performance according to the performance plan, and the evaluation results will be used for payment of bonuses, remuneration adjustment, term assessment and personal development, etc., highly connecting personal development to organization development. Every employee can contribute to the attainment of the organization's goals and achieve personal development therefrom.

Personnel Training

With the stable development of our businesses, the Company emphasizes ongoing enhancement of the working skills of our employees. The Company always adheres to the core principle of "cultivate people and not just train people" and implements the basic requirements of "entire staff training, authorized employment and life-long learning". Through learning from international advanced experience in personnel training, combined with our development characteristics, we have developed our personnel training system as well as a standardized and efficient training management system. We have 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 stable development of the Company.

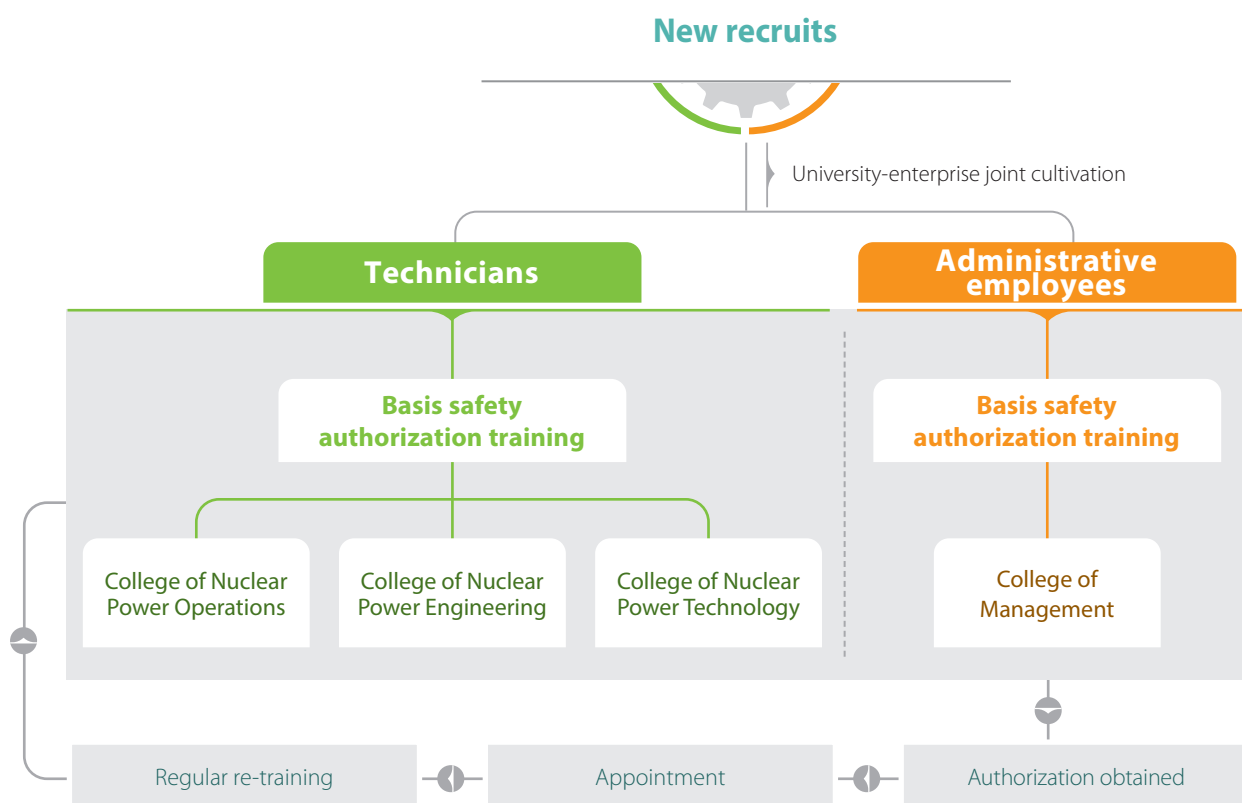
To match with the business development of the Company, we regularly renew the personnel training scheme. We had prepared our talent succession plan 2021 in accordance with the medium and long-term planning needs for talents and the feedback on training experiences. We vigorously promote open selection of talented young managers. A number of young managers take new leadership positions. In order to consolidate and enhance qualities and skills of management staff and employees at all levels, we organize trainings continuously. In 2021, the average number of training hours per employee of the Group was 109 hours.

Personnel Training System

The Company entered into personnel training cooperation agreements with a number of universities in the PRC, pursuant to which some of the new employees study 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 process, which have formed the training system for all employees.

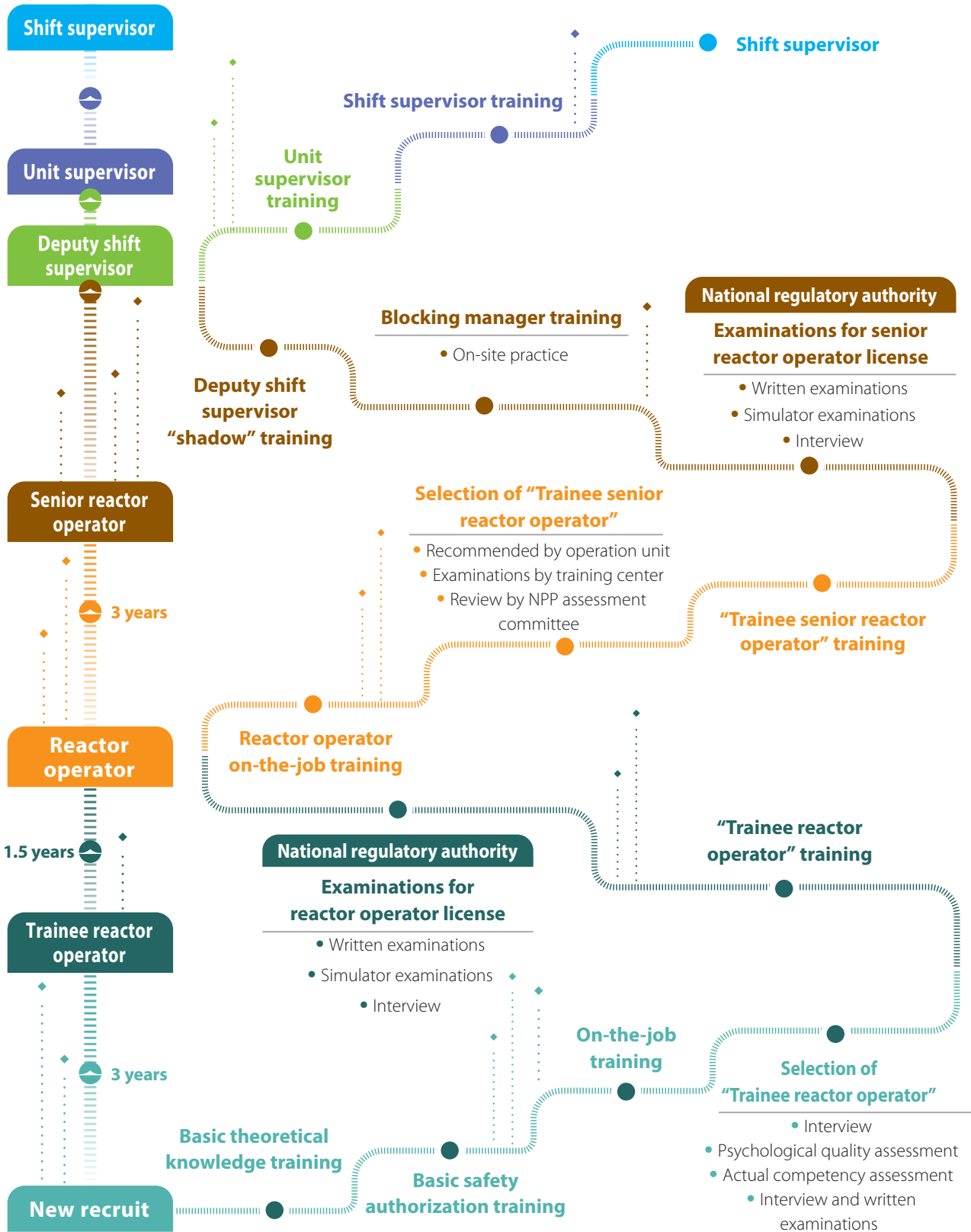
Nuclear power reactor operators are the key technical staff in NPPs. According to the relevant requirements of the Regulations of the People’s Republic of China on the Safety Supervision and Administration of Civil Nuclear Facilities 《中華人民共和國民用核設施安全監督管理條例》, operators should hold a “Reactor Operator License”,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

We set a position of safety technical advisor (“STA”) in our NPPs. They are responsible for safety supervision of plants and conduct independent assessment and supervision on nuclear safety of daily operation of units. Same as the shift supervisors, STA is required to hold “Senior Reactor Operator License”. In addition, an STA shall have a deep understanding of the regulations on nuclear safety, standards of designing NPPs, analysis methods of nuclear safety and other aspects.



Human Capital

The diagram below shows our training process for reactor operators.



Note: Licensed reactor operators are qualified to operate nuclear facilities' control systems, and licensed senior reactor operators are qualified to operate, guide or supervise the operation on nuclear facilities' control systems.

With reference to the construction progress of third-generation nuclear generating units, we strengthened the nurturing of reactor operators, construction personnel and operation and maintenance personnel required for the third-generation nuclear power technology, such as HPR1000, EPR, and AP1000. For example, Fangchenggang Nuclear has established a comprehensive personnel training system for the operation of HPR1000, which has trained the first batch of 65 operators and 41 senior operators of HPR1000. We continuously improved the training and authorization system and the simulator retraining mechanism for key positions in the operation of HPR1000 which continuously improved the skills of HPR1000 licensed personnel. Relying on the core competency training plan for key positions with maintenance techniques of HPR1000, the first batch of 85 technical leaders has been trained. The design and planning of the maintenance techniques course system and supporting facilities of HPR1000 (2021-2022) have been completed. We will complete the development of all courses and the construction of supporting facilities by 2022.

Training Resources

As there are many potential major risks in nuclear power units in operation, we have prepared corresponding training equipment to equip employees with proficient operation skills before their hands-on operation. For example, to cultivate reactor operators, we have the 1:1 simulator with the main control room. For different purposes, our main simulators include full-scope simulators, principle simulators, function simulators, post-accident analysis simulators and severe accident analysis simulators.

As at the end of 2021, the numbers of simulators of all nuclear power bases were as follows:

| | Full-scope Simulators (set) | Principle Simulators (set) | Function Simulators (set) | Post-accident Analysis Simulators (set) | Severe Accident Analysis Simulators (set) |
|-------------------------------------|-----------------------------------|----------------------------------|---------------------------------|--|---|
| Daya Bay Nuclear Power Base | 4 | 2 | 1 | 1 | 1 |
| Yangjiang Nuclear Power Base | 3 | 0 | 0 | 0 | 1 |
| Taishan Nuclear Power Base | 1 | 0 | 0 | 1 | 0 |
| Fangchenggang Nuclear Power Base | 2 | 0 | 0 | 0 | 1 |
| Ningde Nuclear Power Base | 3 | 0 | 1 | 1 | 1 |
| Hongyanhe Nuclear Power Base | 3 | 0 | 1 | 1 | 1 |

Human Capital

For maintenance techniques training, we have 145 skills training rooms (including the refuelling training facilities) with a total area of about 96,700 square meters, covering all maintenance areas and skills, which can carry out 518 training items. In particular, the Nuclear Fuel Operation Training Center is the only training and qualification examination certification center in the PRC for nuclear fuel operators which simulates real situations. In 2021, 47 fuel operators were trained, including 30 fuel operators from domestic counterparts.

The Company develops and improves corresponding curriculum and enhances the courses based on post training programs. As at the end of 2021, we had a total of more than 5,000 courses, adopting forms including face-to-face training, online training, mobile-app training and courses in other forms, which satisfy the need of the current stage of the Company's business development.

We value the sharing of our employees' accumulated experience and have established the system of key employees acting as part-time instructors to enrich our training resources for many years. Currently, we have 208 full-time instructors and 2,660 part-time instructors. Management to participate in tutoring to share their knowledge and experience has become a regular requirement for training management. Therefore, it is no longer included in the statistics of training hours.

Forms of Training

Our trainings include face-to-face training, online training, face-to-face and web-based mixed training, as well as conducting staff skill competitions in various major fields. Based on the direction of scientization, standardization and professionalization, we continuously innovate competition format, raising competition levels and widening technology communication channels among employees. In 2021, we organized and participated in four national professional skills competitions and hosted three professional skills competitions in Guangdong Province and one staff professional skills competition in Guangdong Province. Nearly 500 competitions at the base level were conducted and participated in by various companies, involving more than 20,000 participants. Through a wide range of skill competitions, the training forms were enriched and a strong learning atmosphere had been created, which enhanced the overall quality of staff.

Achievement of Talent Cultivation

Relevant qualification of employees provides firm support and professional assurance on the Company's strategic development and business expansion.

With reference to our man-power allocation of reactor operators in NPPs, the reactor operators holding valid licenses of the Company can fulfill personnel requirement for managing dozens of nuclear power generating units at the same time. As at December 31, 2021, the Group (including affiliates) had 443 reactor operators and 891 senior reactor operators holding valid licenses. 85 and 113 employees of the Group (including affiliates) obtained licenses for reactor operators and senior reactor operators in 2021, respectively.

As at December 30, 2021, a total of 1,672 employees obtained or maintained registered qualifications in respect of construction projects, including 10 registered First Class Architects; 9 registered Second Class Architects; 17 pressure conduit design examiners; 92 registered utility engineers; 39 registered first class structure engineers; 68 registered electrical engineers; 119 registered consultant engineers; 19 pressure vessel design examiners; 135 special operation permit holders; 323 registered supervising engineers; 98 registered equipment supervising engineers; 221 registered nuclear safety engineers; 401 registered first class constructors; and 121 registered cost engineers. In addition to the main businesses, the Company had the ability to integrate and carry out other engineering project management and general contracting services.

In addition, at the end of 2021, 139 employees of the Group (including associates) participated in the training for fuel operators and passed certification examination to obtain the qualification for fuel operators.

In 2021, we achieved great honors in talent cultivation. Wang Jiantao from the production line won the honorary title of “China Skills Award” and “Guangdong Nanyue Technical Expert”, Cui Li and Zhang Chunyu from the production line won the honorary title of “National Technical Expert”, Wang Yan from the production line won the title of “Guangdong Nanyue Technical Expert”, and Lan Yonghui from the R&D line was awarded “Guangdong Quality Craftsman”. These honors were not only rewarding individuals, but also affirming our years of efforts in talent cultivation. These professional talents provided strong support for the safe and stable operation of our nuclear power generating units.

Remuneration System

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

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 value and stimulate employees’ potential. The remuneration system is mainly in the form of a 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. Total staff costs for the year ended December 31, 2021 amounted to approximately RMB10,842.73 million (excluding associates).

In order to provide incentives to key talents and create more value for our shareholders, the H-Shares Appreciation Rights (the “SAR”) Scheme (the “Scheme”) was approved at the 2014 annual general meeting. The Scheme is expected to be conducted in three grants with each grant taking effect in three tranches. The first grant of the SAR was approved by the Board on November 5, 2015. Since the price of H shares was yet to meet the exercise condition, all of the three tranches of SAR for the first grant expired and lapsed.

Human Capital

The second grant of the SAR of the Company was approved by the Board of Directors on December 14, 2017. At present, the first and second tranches of SAR for the second grant have taken effect since December 16, 2019 and December 15, 2020, respectively, with the exercise conditions being met.

The second exercise plan of the Second Grant of the share appreciation rights incentive scheme of the Company was considered and approved at the fourth meeting of the third session of the Board convened by the Company on January 13, 2021. At the seventh meeting of the third session of the Board convened on April 22, 2021, it was decided that the exercise price should be adjusted pursuant to the calculation rules specified in the Second Grant of the share appreciation rights incentive scheme, and the exercise price is changed to HK\$1.7427 per share from HK\$1.8393 per share. As at December 31, 2021, the Incentive Recipients under the first and second tranche of the Second Grant of the appreciation rights incentive scheme exercised certain SARs. For details, please refer to Note 11 to the financial statements of this report.

For retired/redesigned Directors and senior management, the specific arrangements for the exercise are implemented in accordance with the SAR 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 Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”). Please refer to notes of the financial statements in this report for details of the first and second grant of the SAR.

The Company highly values the protection of employees’ rights and interests, and has brought social security (with 100% coverage), supplemental medical insurance and enterprise annuity for employees. We attach high importance to the health of our employees and organize annual health checkup for employees. In addition, according to the national laws and the practical conditions of the Company, we have vacation management policies that allow employees to have paid leave. The Company also encourages employees to reasonably arrange their vacations for work-life balance.



Occupational Health Management

We attach high importance to the occupational safety and health of our employees. By strictly adhering to the provisions of occupational safety and health of the state, the Company has established a comprehensive occupational safety and health protection system, set up specific organizations in all NPPs to take charge of occupational safety and health management, and obtained the latest certification of the ISO45001 occupational health and safety management system.



Human Capital

In addition to physical health, the mental health of employees is equally important. We continued to implement the “Employee Assistance Program” to protect the mental health of employees by inviting professionals to provide professional services such as 7×24 hours of psychological consultation and counseling. In 2021, a total of 2,060 person head participated in the “Employee Assistance Program”.

Due to contractors’ direct participation in a large number of construction and operation activities of NPPs, 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 NPPs to carry out the relevant activities. The maximum individual radiation dose rate of workers entering control zone of each NPP operated and managed by us (including employees, contractors and other people) is far lower than the management target value of NPP and also far lower than the limit of national laws and regulations. For details of maximum individual radiation dose rate of NPPs, please refer to the 2021 ESG Report published by the Company.

In 2021, we implemented strict COVID-19 prevention and control measures on our employees and contractor employees, and there was no confirmed COVID-19 case among our domestic employees and contractors.

In addition to the management measures mentioned above, we pay extra attention to all the safety events in the work process. We thoroughly investigate all events and conduct root cause analysis, conduct feedback among our NPPs to raise the safety awareness of staff and contractors, and adopt a series of measures to enhance safety management and avoid recurrence of such events. We strive for continually lowering the rate of industrial accidents. In 2021, the Company maintained good performance of occupational safety and health. All NPP staff were able to complete the relevant work safely and efficiently in accordance with the procedures. For details of the performance in relation to occupational safety and health issues as well as mental health of employees, please refer to the 2021 ESG Report published by the Company.



Financial Capital



Our capital needs mainly come from the capital expenditure for construction of NPPs and facilities, payments of debts and interests and operating expenditure in nuclear power projects in operation. The sources of capital include cash generated from operating activities, shareholders' cash investment, bank borrowings and bond issuance.

External Financing Environment

In 2021, the PRC maintained steady economic recovery, with its gross domestic product reaching RMB114.4 trillion, up by 8.1% year on year, continuing to rank among the world's major economies. The liquidity in mainland China was reasonably ample and the market interest rate of RMB stayed low.

Financing Patterns

In 2021, the Company comprehensively strengthened the organization, coordination, support and risk monitoring of financing, making full use of various financing channels, promoting debt replacement and bond issuance, ensuring capital security and controlling financing costs. At the same time, we continuously monitored foreign currency debt exchange rate risk exposure and prevented the risk of exchange rate fluctuations.

Equity Financing

With reference to the Company's needs for business development, through equity financing, we consolidated the long-term capital of the Company. The overall capital structure of the Company was optimized according to changes in the external environment. The ability to resist the risk of fluctuations in the external economic and financial environment was consolidated and enhanced, which promoted the sustainable development of the Company's business. For those projects with high capital expenditure and good earnings forecasts, we will prudently consider the use of equity financing to balance the risks and to enhance shareholders' value.

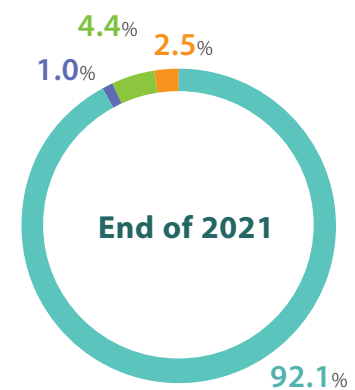
Financial Capital





Debt Financing

We strive to maintain diversified types of debt financing to establish a financing model with a mixture of short, medium and long-term funds, a combination of direct financing and indirect financing, and the coexistence of various channels to provide a sound and economic source of funding for the Company. In the course of debt financing, we always follow the balance of cost and safety principle. We seek to obtain competitive financing cost, but the minimum financing cost is not the only goal, otherwise it would impair our financing safety and the service quality we received.

Diversified Financing Types

Diversified financing types can avoid reliance on a single financing channel and enable us to have adequate options for different types of capital requirements. In view of our large-scale long-term investments and according to our matching assets and liabilities principle, our debt financing instruments are dominated by long-term bank borrowings, as supplemented by short-term bank borrowings and debt financing as well as borrowings from other financial institutions. The major debt financing types of the Group include borrowings from banks and other institutions (accounting for approximately 92.1%), corporate bonds (accounting for approximately 1.0%), medium-term notes (accounting for approximately 4.4%), ultra short-term financing notes (accounting for approximately 2.5%), etc. Compared with the end of 2020, as at the end of the reporting period, the total borrowings of the Group decreased by approximately RMB1,976.9 million, mainly due to the increase in cash flow from operating activities after the commercial operation of the Company's nuclear power generating unit, and the gradual repayment of long-term bank loans.



-  Borrowings from banks and other institutions
-  Corporate bonds
-  Medium-term notes
-  Ultra short-term financing notes

Borrowings from Banks and Other Institutions

We meet our stable capital requirements for long-term and for investments in nuclear power projects mainly through long-term 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. We also use short-term bank borrowings to bridge the shortfall of working capital.

Debt Financing

The Company is a legal entity incorporated in the PRC and is qualified for the domestic public offering of debentures. In 2021, the Company registered multi-type debt financing instruments (TDFI) with the National Association of Financial Market Institutional Investors, which included ultra short-term financing notes, short-term financing bills, medium-term notes, perpetual notes, asset-backed notes, green debt financing instruments and targeted debt financing instruments, etc. The issuance of debt financing instruments can meet the requirements of working capital, debt repayment and capital expenditure of projects. The Group's outstanding debentures as at December 31, 2021, and the Group's repaid debentures in 2021 were as follows:

Corporate bonds

- ▶ The Company has one corporate bond with face value of RMB2,000.0 million transferred from the controlling shareholder CGNPC (with a term of 15 years), which was used for the construction of Lingdong NPP and will be due in December 2022.

Medium-term notes

Issuance in the past three years (not yet due for repayment)

| Date of issuance | Financing amount (RMB million) | Term (years) | Use of proceeds |
|------------------|--------------------------------|--------------|--|
| January 2019 | 1,500.0 | 3 | Repayment of bank borrowings for subsidiaries and replenishment of liquidity |
| July 2019 | 1,500.0 | 3 | Repayment of bank borrowings for subsidiaries |
| August 2020 | 2,500.0 | 3 | Repayment of bank borrowings for subsidiaries |
| April 2021 | 2,000.0 | 3 | Repayment of borrowings from financial institutions for subsidiaries |
| June 2021 | 1,500.0 | 2 | Repayment of borrowings from financial institutions for subsidiaries |

Repayment upon maturity this year

| Time of repayment | Repayment amount (RMB million) | Original issuance time | Term (years) |
|-------------------|--------------------------------|------------------------|--------------|
| April 2021 | 1,000.0 | April 2018 | 3 |
| April 2021 | 1,000.0 | April 2018 | 3 |
| August 2021 | 1,000.0 | August 2018 | 3 |
| October 2021 | 1,000.0 | October 2018 | 3 |

Financial Capital

Ultra short-term financing notes

Issuance in the past three years (not yet due for repayment)

| Date of issuance | Financing amount (RMB million) | Term (days) | Use of proceeds |
|------------------|-----------------------------------|-------------|--|
| June 2021 | 1,000.0 | 220 | Replenishment of liquidity for subsidiaries |
| July 2021 | 2,000.0 | 248 | Repayment of bonds upon maturity |
| September 2021 | 1,200.0 | 120 | Repayment of borrowings from financial institutions for subsidiaries |
| December 2021 | 1,000.0 | 120 | Repayment of borrowings from financial institutions for subsidiaries |

Repayment upon maturity this year

| Time of repayment | Repayment amount (RMB million) | Original issuance time | Term (days) |
|-------------------|-----------------------------------|------------------------|-------------|
| July 2021 | 2,000.0 | March 2021 | 120 |
| November 2021 | 800.0 | August 2021 | 90 |

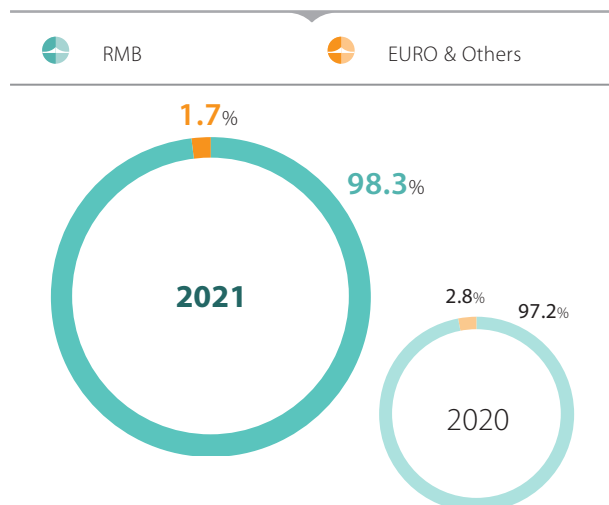


Reasonable Currency and Term Structure

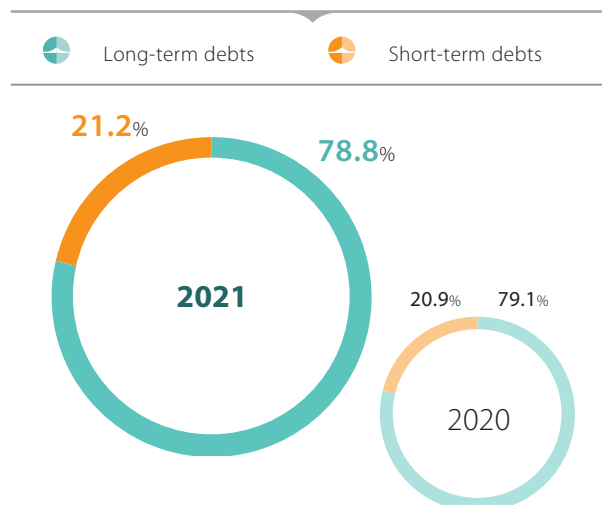
Since revenue and cost of procurement of the Company are mainly denominated in RMB, we maintain a RMB oriented debt structure, which not only matches our operational characteristics, but also effectively prevents liquidity risks and systematic exchange rate risks of the Company. As at December 31, 2021, the proportion of borrowings that were denominated in RMB amounted to approximately 98.3%, whilst the borrowings denominated in foreign currency amounted to approximately 1.7%. Borrowings denominated in foreign currency are primarily used to procure equipment and spare parts from overseas markets as well as related services.

The construction and operation of nuclear power projects have relatively long cycles, therefore our debts mainly comprise long-term debts. Meanwhile, to meet the requirements of the Company’s liquidity management, we also intend to gradually repay the project debts with the revenue generated from our projects in the future through matching the decentralized and orderly repayment schedules with long-term cash flow from the Company’s nuclear power projects. In 2021, the Company adjusted term structure of debts based on market conditions and the risk aversion capability of the Company, and balanced the financing risks and return. As at December 31, 2021, the proportion of the Group’s short-term debts accounted for approximately 21.2% of total debts, whilst long-term debts accounted for approximately 78.8%.

Debt balance analysis – by currency (%)



Debt balance analysis – by term (%)



Financial Capital

Debt Risk Management

Effective response to foreign exchange rate and interest rate risks

We always uphold a prudent approach to carry out debt hedging and risk prevention arrangements under a well – established debt risk management system. Our objective of debt risk management is cost control instead of profit, while we adhere to the principle of hedging and prohibiting speculative transactions. All the hedging transactions shall be on the basis of factual debt cash flow or guaranteed payment of commercial contracts, while simple instruments shall be mainly applied for hedging financial risk only.



Exposure of foreign currency debts as at the end of the reporting period was mainly Euro export credit of Taishan Nuclear. Meanwhile, we managed new foreign currency debt by payments for foreign commercial contracts through spot or forward purchase of foreign exchange in RMB, and effectively reduced the impact of significant exchange rate risk. Compared with the end of 2020, the total amount of borrowings denominated in foreign currency of the Group at the end of the reporting period decreased by approximately RMB2,282.6 million. In 2022, the Company will continue to closely monitor the market and actively adopt measures to minimize the impact of foreign currency exchange rate fluctuations.

In 2021, the Company leveraged the monetary easing policy in the market, and continued to promote lean management. Through making full use of internal capital of the Group, repayment in advance, loan swaps and other means, the Company was able to improve capital utilization efficiency and further reduce its financing costs.

Limited Recourse or Non-Recourse Financing Methods

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 approval. Subsidiaries and associates are also not allowed to provide guarantees for each other.

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

Proper Financial Leverage

We attach high importance to our financial leverage and shall continue to undertake its optimization. On the one hand, we achieve good shareholder returns through the proper financial leverage, and on the other hand, we avoid excessive debt financing in the course of business expansion that may hurt our financial health. As at December 31, 2021, the Group's asset-liability ratio was 62.3%, lower than that of 2020, which was mainly because the Company's owners' equity increased and total liabilities decreased as the Company's accumulated profit increased.

Adequate Liquidity

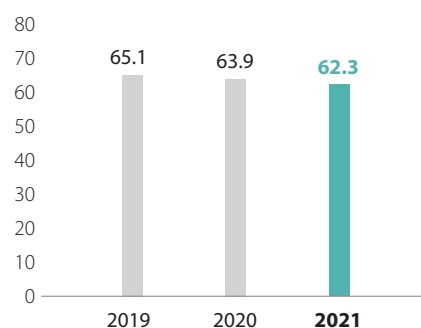
To manage liquidity risks, we monitor and maintain our cash as well as the level of banking facilities to ensure that such amounts can provide sufficient cash support for our operation and avoiding too much idle funds.

As of December 31, 2021, we had unutilized general banking line of credit of approximately RMB122,089.2 million, issuance amount of multi-type debt financing instruments up to RMB19,000.0 million available for public issuance at any time, and cash at bank and in hand of approximately RMB15,827.7 million, which can provide sufficient cash for the operations of the Company and mitigate the effects of fluctuations in cash flows.

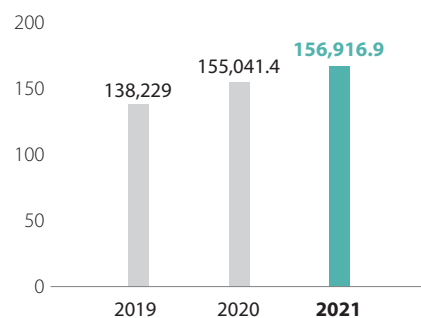
Maintaining a Good Credit Rating

In September 2021, 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 based on the reasons that "the Company's operations of nuclear power generating units in operation are stable", it concluded that "the power generation capacity of the Company will be further strengthened and the on-grid power generation will continue to increase with stronger profitability and cash generating ability, while the level of financial leverage will continue to decline, maintaining smooth financing channels" and maintained our AAA credit rating with stable outlook.

Asset-liability ratio (%)



Available Funds and Loan Facility (RMB million)



Environmental Capital

Our commitment to social responsibility is to continue to provide safe, reliable, clean and economical electricity 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 adheres to a highly responsible attitude to the environment and maintains the healthy, stable and sustainable development of the Company.

We hereby describe the policies and mechanisms of the Group with respect to the management of radioactive wastes and environmental monitoring. For more details regarding the environmental management of the Group, please refer to 2021 ESG Report published by the Company.

Radioactive Waste Management

NPPs generate gaseous, liquid and solid wastes (“Three Wastes”) while generating electric power, among which, 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 NPPs and the control of the discharge of them to the environment. High-level radioactive wastes from NPPs 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 as described herein mainly refers to low to medium level radioactive waste management.

The Company has established a comprehensive mechanism for radioactive waste treatment, which has integrated into the complete production and operation procedures of NPPs. We have adopted the guiding principle of “minimizing waste” and “optimizing radioactive protection” for nuclear waste treatment, strictly complied with national laws, regulations and standards, and strived to minimize waste produced. In respect of emission standard, we have proactively implemented radioactive waste management and adopted the highest standards. Hence, our emission is much lower than the emission standard as permitted by the state. Please refer to the section headed “Business Performance and Analysis” of this Annual Report for details of the amounts and percentages of radioactive waste of our NPPs in 2021.



Environmental Monitoring

All of our nuclear power bases have established strict environmental monitoring system and environment routing inspection record system according to the requirements of the national regulatory authority, so as to monitor and analyze the environmental media of air, land species and marine organisms within a radius of ten kilometers of our NPPs on an ongoing basis, and to assess the environmental standard within NPP and surrounding regions and reduce the impact of NPP operation on the surrounding environment.

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

The national regulatory authority implements the “dual-track system” monitoring on gaseous and liquid effluents as well as the external environment in the periphery of NPPs. Such monitoring shall be carried out by the operators of NPPs and the radiation environment monitoring agencies under environmental protection systems of the provinces in which NPPs 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 each of our NPPs in service since its operation show that environmental radioactivity in the surrounding area has not changed compared with the background data before the NPPs commenced commercial operations, and the biological population of land and sea in these regions has not changed either, so there was no adverse impact on the environment. According to the ongoing monitoring by the national regulatory authority, the air-absorbed dose rates of environment around NPPs in operation stay within the fluctuation range of local natural background levels.



Social and Relationship Capital

The construction and operation of NPPs have a very extensive effect. 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 herein briefly describe the policies and practices of the Group with respect to the society and the public. Our communication with shareholders and investors are set out in the section headed "Corporate Governance" of this Annual Report. Please refer to the 2021 ESG Report published by the Company regarding the exchange between the Company, the society, the public, and other cooperation partners as well as other matters.

Proactive Disclosure of Information

Each of the nuclear power bases managed by us has established its public information platform on nuclear and radiation safety. The information made available to the public includes monthly operating data, such as capacity factor, radiation protection, industrial safety, Level 1 fire risk incidents, Three Wastes control and monitoring of the environment, and operational events. Any operational event occurring after fuelling of a nuclear power unit must be published on such public information platform within two natural days (excluding the day occurring the defined event) from the date on which such event is defined. In 2021, the Company disclosed all the relevant information as required within the specified time.

Each of the nuclear power bases managed by us has established its own 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 activities and distribution of publications to provide NPPs' related information to the main industry regulatory departments and the media, and takes public inquiries through hotlines, facsimile and e-mail. In 2021, the Company and our NPPs convened nine press conferences.

Transparent Public Communication

We adhere to transparent communication, and constantly explore the open and transparent communication mechanisms. We actively promote nuclear power knowledge in cities, schools and communities to help the public understand all aspects of nuclear power in order to enhance the public confidence in nuclear power.

Participating in exhibitions

In 2021, we participated in major domestic exhibitions including the 14th China International Exhibition on Nuclear Power Industry, the 19th Conference on International Exchange of Professionals, the 19th China Straits Innovation and Projects Fair, the 18th China-ASEAN Expo, the 2021 China International Nuclear Power Industry and Equipment Exhibition, as well as the 23rd China Hi-Tech Fair.



The 18th China-ASEAN Expo



The 23rd China Hi-tech Fair

Reaching the campus

We proactively launch the campaign on promoting the knowledge of nuclear power in campus. In 2021, we conducted campus activities in 68 schools across China, with more than 17,000 students learning about the knowledge of nuclear power.



CNPRI Beacon Project – Promoting NPP in Shenzhen Middle School



Promoting fire safety knowledge in campus – Yangjiang NPP

Public Open Day

In 2021, we launched the ninth session of the “8·7 Public Open Day” campaign under the theme of “Calling for a devoted alliance, Protecting our blue planet”. The cartoon characters representing the six major nuclear power bases of the Group interacted online during the live broadcast to guide the public to take a close look to different photo spots of the nuclear power bases and showcase the beautiful scenery of the bases from different angles. The result of the first natural capital audit for the nuclear power industry in China was also issued. This event received enthusiastic response from the media and the public. This event was broadcast live on platforms including SASAC New Center, China Science Communication, people.cn, Innovation China and All Things about Nuclear Power, with more than 2.6 million live viewers and 7.2 million views in total. As at August 17, 2021, “CGN 8·7 Public Open Day”, a hashtag initiated by the official CGN microblog, was viewed for 120 million times and was discussed for 83,000 times. More than 51 articles on the event were made in major media, and forwarded for more than 417 times. The overall exposure of the event reached nearly 130 million.



"8·7 Public Open Day" in 2021

Social and Relationship Capital

Win-win Community 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 and at the same time, we achieve our corporate development plan by building a harmonic relationship with the surroundings. We actively respond to the national strategy of rural revitalization. We continue to initiate poverty alleviation works in Guangxi Zhuang Autonomous Region, Guangdong Province, Fujian Province and other regions, and constantly improve the livelihood of local residents by developing characteristic industries so as to strengthen and amplify our outcomes of poverty alleviation.



On October 14, 2021, Hongyanhe Nuclear arranged a number of experts and professors from the Affiliated Zhongshan Hospital of Dalian University to visit its paired-up villages for poverty alleviation – Pinshan Village, Tuoshan Township, and Liangxi Village, Hongyanhe Town in Wafangdian City, Dalian City, Liaoning Province, to provide medical consultation for over 180 elderly in the two villages targeting common illness among the elderly living in rural areas such as high blood pressure, heart disease and arthralgia.

In the second half of 2021, Fangchenggang Nuclear initiated silkworm breeding skills training, “theoretical content and practice requirements” theme-based training and voluntary service in Longhuai Village. Experts from Guangxi University were invited to teach silkworm breeding skills to silkworm raisers in the village. Professor Ling Jingqiu from Guangxi Institute of Public Administration was invited to give “theme-based training for theoretical content and application requirements in full implementation of rural revitalization”. In response to the call for putting the idea of “doing practical things in the interests of the masses” into real action, Fangchenggang Nuclear provided consultation and maintenance and carried out anti-corrosion and renovation projects on the damaged doors, windows and fences of the Longhuai village office.

On September 3, 2021, staff of Ningde Nuclear visited Longshan Primary School in Fuding City for the residing children assistance and care campaign. Back-to-school greetings and best wishes were given to the children representatives and the children’s recent living and studying conditions were briefed in detail. Stationery and daily necessities were given to the children with best wishes.





Yangjiang Nuclear, on top of the investment of RMB8 million in 2020, further invested RMB8 million in 2021 to co-establish a professional fire safety team for Dongping Town with the government of Dongping Town, Yangdong District, Yangjiang City. The fire safety team performed its roles in daily fire safety and rescue, mountain and forest fire safety and rescue, and fishing port fire safety and rescue, which enhanced the fire safety and

rescue standard in Dongping Town. Meanwhile, RMB600,000 was invested in assisting the implementation of “improvement on the car park in Da’ao fishing village, Dongping Village and its surrounding environment”, “improvement on the nuclear emergency evacuation square in Dongping Village” and “construction on widening and solidifying the foundation of the village square in Wawu Village of Yunbo Village Committee” in pursuit of the continued enhancement in the rural infrastructure construction.

Dedicated to social welfare



We actively participate in social and charitable activities, assist vulnerable groups in the society, and continuously serve the community.

We encourage and support employees to systematize and regularize charitable activities. In 2021, we had over 12,700 employee volunteers and nearly 27,000 persons participating in public service activities for a total of over 48,000 hours.



CORPORATE GOVERNANCE



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Board of Directors, Supervisory Committee and Senior Management

As at December 31, 2021, the biographies of our Directors, Supervisors and senior management are as follows:

Board of Directors

Mr. Yang Changli ◆ Chairman, Non-executive Director, Chairman of the Nuclear Safety Committee of the Board



Mr. Yang Changli (楊長利), born in 1964, has served as the chairman of the Company and the chairman of the Nuclear Safety Committee of the Board since May 2020. He has a master's degree and is a senior engineer (researcher-level). Mr. Yang Changli has over 30 years of experience in areas including nuclear power, nuclear fuel, R&D of technology as well as safety and quality management. He served as a member of the party leadership group and the deputy general manager of CNNC from July 2006 to January 2020; and the deputy secretary of the party committee and a director of CGNPC from January 2020 to February 2020. From February 2020 to July 2020, he served as the deputy secretary of the party committee, a director and the general manager of CGNPC. He served as the secretary of the party committee, chairman and the general manager of CGNPC from July 2020 to July 2021. He has served as the secretary of the party committee and the chairman of CGNPC since July 2021.

Mr. Gao Ligang ◆ Executive Director and President

Mr. Gao Ligang (高立剛), born in 1965, was appointed as an executive Director and the President of the Company in March 2014. He has a master's degree and is a senior engineer (researcher-level). Mr. Gao is entitled to special allowance of the State Council. Mr. Gao Ligang has more than 30 years of experience in the nuclear power industry. He worked successively as the chairman of the board of directors and the general manager of Yangjiang Nuclear from December 2007 to October 2013. He also served as the general manager of Guangdong Taishan Nuclear Co., Ltd. (now called Taishan Nuclear) from December 2007 to October 2011, and served as the chairman of the board of directors of Taishan Nuclear from December 2007 to February 2019. 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 (通用核能系統有限公司) ("GNS") from June 2016 to September 2021. He has served as the deputy secretary of the party committee, a director and the general manager of CGNPC since July 2021.



Mr. Jiang Dajin ◆ Executive Director and Vice President



Mr. Jiang Dajin (蔣達進), born in 1962, served as a vice president of the Company since May 2018, and has been an executive Director of the Company since August 2020. He has a bachelor's degree and is a senior engineer (researcher-level). Mr. Jiang Dajin has more than 35 years of experience in the nuclear power industry. He served as an assistant to general manager and the head of design institute of CGN Engineering from January 2009 to January 2012, as a director of Yangjiang Nuclear from December 2011 to July 2018 and as a general manager of Yangjiang Nuclear from January 2012 to July 2018. He served as a Board Secretary of the Company from November 2018 to August 2020, and served as a joint company secretary of the Company from December 2018 to August 2020. He was the chairman of Fangchenggang Nuclear from February 2020 to December 2020, the chairman of CGN Operations from March 2020 to December 2020, and the chairman of Ningde Nuclear from August 2021 to December 2021.

Mr. Shi Bing ◆ Non-executive Director

Mr. Shi Bing (施兵), born in 1967, was appointed as a non-executive Director of the Company in March 2014. He has a master's degree and is a senior accountant as well as a Chinese Certified Public Accountant. Mr. Shi Bing has more than 25 years of experience in finance, accounting, auditing, capital operation, market development and management in large nuclear power enterprises. Since January 2008, Mr. Shi has successively served as the deputy chief financial officer while concurrently serving as the general manager of the finance department, deputy general manager while concurrently serving as deputy chief financial officer, deputy general manager while concurrently serving as chief financial officer, and deputy general manager of CGNPC. Mr. Shi is currently the deputy general manager of CGNPC.



Mr. Wang Hongjun ◆ Non-executive Director



Mr. Wang Hongjun (王紅軍), born in 1972, was appointed as a non-executive Director of the Company in October 2021. He has a master's degree and is an economist. Mr. Wang Hongjun has more than 20 years of experience in macroeconomic study, supervision and management of state-owned enterprises. From September 2006 to July 2016, he successively served as the deputy director of the Assessment and Distribution Division, the director of the Assessment and Statistical Evaluation Division, and the director of the Planning and Development Division of the State-owned Assets Supervision and Administration Commission of the People's Government of Guangdong Province. From July 2016 to July 2021, he successively served as the director and the deputy secretary of the Party committee of Guangdong Utrust Investment Holdings Co., Ltd. (廣東粵財投資控股有限公司). Since July 2021, Mr. Wang has served as the deputy secretary of the Party committee, a director and the general manager of Hengjian Investment.

Mr. Gu Jian ◆ Non-executive Director

Mr. Gu Jian (顧健), born in 1963, has served as a non-executive Director of the Company since August 2020. He holds a master's degree and is a senior engineer (researcher-level). Mr. Gu Jian has over 35 years of experience in nuclear power engineering, operation and management. He respectively served as an assistant to general manager and deputy general manager of Fujian Fuqing Nuclear Power Co., Ltd. (福建福清核電有限公司) ("Fuqing Nuclear") from November 2005 to January 2016 and deputy general manager and general manager of CNNC Guodian Zhangzhou Energy Co., Ltd. (中核國電漳州能源有限公司) from January 2016 to September 2018. He also served as the deputy general manager of China Nuclear Power Co., Ltd. (中國核能電力股份有限公司), a nuclear power generation company listed on the Shanghai Stock Exchange (stock code: 601985) from September 2018 to July 2021. Mr. Gu Jian has served as a director of Fuqing Nuclear since September 2021.



Board of Directors, Supervisory Committee and Senior Management

Mr. Li Fuyou ◆ Independent non-executive Director, Chairman of the Nomination Committee of the Board

Mr. Li Fuyou (李馥友), born in 1955, has served as an independent non-executive Director of the Company and the chairman of the Nomination Committee of the Board since August 2020. He holds a bachelor's degree and is a senior engineer (professor-level) and received a special government allowance from the State Council. Mr. Li Fuyou has extensive experience in energy, coal and safety management, and served as a vice president of China Coal Energy Company Limited (中國中煤能源股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1898) and Shanghai Stock Exchange (stock code: 601898) from August 2006 to September 2010, the chairman and the deputy secretary of the party committee of Shanghai Energy Company Limited (上海能源股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600508) and the chairman of Datun Coal and Electricity (Group) Co., Ltd. (大屯煤電(集團)有限公司) from March 2009 to September 2010, and a member of the standing committee of the party committee and deputy general manager of China National Coal Group Corporation from September 2010 to July 2016.



Mr. Yang Jiayi ◆ Independent non-executive Director, Chairman of the Audit and Risk Management Committee of the Board



Mr. Yang Jiayi (楊家義), born in 1958, has served as an independent non-executive Director of the Company and a chairman of the Audit and Risk Management Committee of the Board since August 2020. He is a master's degree holder, senior engineer (professor-level), senior accountant and Chinese Certified Public Accountant. He is also the executive director of the China Association of Chief Financial Officers and the Chinese Accounting Association. Mr. Yang Jiayi has extensive experience in the fields of financial accounting, auditing, investment and financing management. He was the chief accountant of China Energy Conservation Investment Co., Ltd. (中國節能投資公司) from December 2003 to May 2010 and the chief accountant of China Energy Conservation and Environmental Protection Group (中國節能環保集團公司) from May 2010 to December 2014. From December 2014 to May 2018, Mr. Yang Jiayi was a member of the standing committee of the party committee and the chief accountant of China Energy Conservation and Environmental Protection Group (中國節能環保集團公司). Mr. Yang Jiayi served as an independent director of China XD Electric Co., Ltd. (中國西電電氣股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601179) from January 2020 to December 2021.

Mr. Xia Ceming ◆ Independent non-executive Director, Chairman of the Remuneration Committee of the Board

Mr. Xia Ceming (夏策明), born in 1957, has served as an independent non-executive Director of the Company and a chairman of the Remuneration Committee of the Board since August 2020. He holds a master's degree and is an engineer. Mr. Xia Ceming has extensive experience in fields including operation and control of national macroeconomic policy and enterprise operation, management and supervision. He worked at the board of supervisors of a key large state-owned enterprise under the State Council from December 2002 to December 2017, during which he served as a full-time supervisor at the division level, a full-time supervisor at the deputy bureau level (deputy director) and a full-time supervisor at the bureau level (director). He has served as a director of China Nonferrous Metal Mining (Group) Co., Ltd. (中國有色礦業集團有限公司) since April 2018.



Mr. Tang Chi Cheung ◆ Independent non-executive Director

Mr. Tang Chi Cheung (鄧志祥), born in 1958, has served as an independent non-executive Director of the Company since May 2021. He has a master's degree, and is a member of Chartered Accountants in Australia & New Zealand and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tang Chi Cheung has more than 25 years of experience in nuclear power management, finance and audit. He served as the deputy general manager of Guangdong Nuclear Power Joint Venture Co, Ltd. (廣東核電合營有限公司) from May 2006 to October 2013, the senior director of nuclear power business of CLP Holdings Limited (中電控股有限公司) and the managing director of HKNIC from November 2013 to October 2018, and the executive director of China Nuclear Energy Association from March 2015 to October 2018.



Supervisory Committee

Mr. Chen Sui ◆ Chairman of the Supervisory Committee and non-employee representative Supervisor



Mr. Chen Sui (陳遂), born in 1964, has served as the chairman of the Supervisory Committee and a non-employee representative Supervisor of the Company since May 2017. He has a master's degree and is a senior engineer. Mr. Chen Sui has over 30 years of experience in strategic planning, renewable energy development, construction, operation management and energy conservation management. Mr. Chen Sui was the chairman of CGN Solar Energy Development Co., Ltd. (中廣核太陽能開發有限公司) from September 2010 to February 2016. He has served as the chairman of CGN Wind Energy Co., Ltd. (中廣核風電有限公司) since September 2010. He served as the chairman of CGN Energy Conservation Industry Development Co., Ltd. (中廣核節能產業發展有限公司) from March 2017 to June 2021, and served as the chairman of CGN Nuclear Technology Development Co., Ltd. (中廣核核技術發展股份有限公司) (a company listed on the SZSE, stock code: 000881), from July 2018 to October 2018. Mr. Chen Sui has served as the chairman of CGN New Energy Holdings Co., Ltd. (中國廣核新能源控股有限公司) ("CGN New Energy Holdings") (a company listed on the Hong Kong Stock Exchange, stock code: 1811) since January 2014, and as an assistant to the general manager and an employee director of CGNPC since January 2018. He has also served as the secretary of the board of directors of CGNPC since April 2021.

Mr. Hu Yaoqi ◆ Non-employee representative Supervisor

Mr. Hu Yaoqi (胡耀齊), born in 1966, has served as a non-employee representative Supervisor of the Company since August 2020. He holds a bachelor's degree and is an accountant. Mr. Hu Yaoqi has extensive experience in financial management, auditing, fund management and investment management. Since 2013, he has served as the deputy director of the financial management department of Hengjian Investment, the director and general manager of Guangdong Hengwang Investment Development Co., Ltd. (廣東恒旺投資發展有限公司), the director and general manager of Guangdong Agricultural Supply Side Structural Reform Funds Management Co., Ltd. (廣東省農業供給側結構性改革基金管理有限公司), and the director of the risk control and legal department and director of the audit department of Hengjian Investment. He has served as the deputy general manager of Guangzhou Huaxing Optoelectronics Semiconductor Display Technology Co., Ltd. (廣州華星光電半導體顯示技術有限公司) since June 2021.



Board of Directors, Supervisory Committee and Senior Management

Mr. Zhang Baishan ◆ Non-employee representative Supervisor

Mr. Zhang Baishan (張柏山), born in 1971, has served as a non-employee representative Supervisor of the Company since August 2020. He holds a bachelor's degree and is a senior accountant (researcher-level). Mr. Zhang Baishan has more than 30 years of experience in finance, cost budget and financial information technology. From January 2013 to November 2019, he served as the chief accountant of Fuqing Nuclear. Since January 2017, he has served as chairman of the supervisory committee of Fujian Sanming Nuclear Power Co., Ltd. (福建三明核電有限公司). He has served as chairman of the supervisory committee of CNNC Xiapu Nuclear Power Co., Ltd. (中核霞浦核電有限公司) since August 2018, and has served as the chief accountant of Hainan Nuclear Power Co. (海南核電有限公司) since December 2019. Since August 2020, he has served as chairman of the supervisory committee of Huaneng Changjiang Nuclear Power Co., Ltd. (華能昌江核電有限公司).



Ms. Zhu Hui ◆ Employee representative Supervisor



Ms. Zhu Hui (朱慧), born in 1971, was appointed as an employee representative Supervisor of the Company in March 2019. She has a master's degree and is a senior accountant. Ms. Zhu Hui has more than 25 years of experience in financial management. She served as the deputy director of financial sharing center (presiding over the work) of CGNPC from August 2011 to May 2014, as deputy director (presiding over the work) and director of financial sharing center of the Company from May 2014 to August 2018. She has served as the director of the audit department of the Company since August 2018. She served as a supervisor of CGNPC Uranium Resources Co., Ltd. from October 2018 to May 2021, and has served as a supervisor of CGN Capital Holdings Co., Ltd since October 2018.

Mr. Wang Hongxin ◆ Employee representative Supervisor

Mr. Wang Hongxin (王宏新), born in 1963, was appointed as an employee representative of the Company in June 2015. He has a master's degree and is a librarian (associate researcher level) and an accountant. Mr. Wang Hongxin also has a Chinese law practice qualification certificate, corporate legal counsel practice qualification certificate and corporate lawyer practice qualification certificate. Mr. Wang Hongxin has more than 25 years of experience in the nuclear power industry. Mr. Wang served as a full-time director of the governance and business department of CGNPC from January 2011 to July 2011; served as a full-time director and an assistant to general manager of the legal affairs department of CGNPC from 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; served as the deputy director of the Supervisory Department of the Company (presiding over the work) from September 2015 to July 2017. He was also a director of CGN New Energy Holdings from July 2017 to June 2018. He has served as supervisor of Hongyanhe Nuclear since November 2018. From July 2017 to December 2018, he was the deputy general manager of the corporate legal affairs department of the Company (presiding over the work), and served as general manager of the legal affairs department of the Company from December 2018 to November 2021. He has served as a supervisor of CGN Wind Energy Co., Ltd. (中廣核風電有限公司) since March 2020, a director of CGN New Energy Holdings since December 2021, a director of Lufeng Nuclear since November 2021, and a director of Taishan Nuclear since December 2021.



Senior Management

Mr. Gao Ligang ◆ Executive Director and President

The biography of Mr. Gao Ligang is set out on Page 80 of this Annual Report.



Mr. Su Shengbing ◆ Vice President



Mr. Su Shengbing (蘇聖兵), born in 1962, was appointed as a Vice President of the Company in March 2014. He has a master's degree and is a senior engineer (researcher-level). Mr. Su Shengbing has more than 30 years of experience in the nuclear power industry. Mr. Su served as deputy general manager at Hongyanhe Nuclear 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 served as vice mayor of Yuxi City, Yunnan Province from September 2010 to August 2012. Mr. Su was an executive director and the general manager of CGN Operations from September 2012 to June 2018. He concurrently served as the general manager of the nuclear power operation department of the Company from May 2014 to May 2016, and also served as the chairman of the board of directors of DNMC from January 2016 to December 2020. He served as the chairman of the board of directors of GNPJVC from January 2016 to September 2021, as the chairman of the board of directors of Yangjiang Nuclear from June 2018 to August 2021, and as the chairman of the board of directors of Taishan Nuclear from February 2019 to December 2021.

Mr. Yin Engang ◆ Chief Financial Officer, Joint Company Secretary and Board Secretary

Mr. Yin Engang (尹恩剛), born in 1968, was appointed as the chief financial officer of the Company in October 2017, and has served as the secretary of the Board and a joint company secretary of the Company since August 2020. He has a master's degree and is a senior accountant. Mr. Yin Engang has over 20 years of experience in finance and auditing. He served as the chief financial officer of CGNPC Industry Investment Fund Management Co., Ltd. from July 2008 to March 2014, served as the general manager of the finance department of CGNPC from March 2014 to October 2017, served as a director of CGN Mining Company Limited (中廣核礦業有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 1164) from June 2014 to June 2016, and served as a director of CGN New Energy Holdings from March 2015 to January 2018. He has served as the chairman of the board of directors of GNIC since October 2020.



Board of Directors, Supervisory Committee and Senior Management

Mr. Chen Yingjian ◆ Vice President

Mr. Chen Yingjian (陳映堅), born in 1962, was appointed as a Vice President of the Company in May 2018. He has a master's degree and is a senior engineer (researcher-level). Mr. Chen Yingjian has more than 30 years of experience in the nuclear power industry. Mr. Chen served as deputy general manager of Ningde Nuclear from June 2006 to January 2011, as deputy general manager of CGN Engineering from January 2011 to February 2016, concurrently as the General Manager of the nuclear power engineering division of the Company from February 2016 to May 2016, as executive director and general manager of CGN Engineering from February 2016 to February 2020, as chairman and general manager of CGN Engineering from March 2020 to June 2021, as chairman of China Techenergy Co., Ltd. (北京廣利核系統工程有限公司) ("Techenergy") from March 2016 to March 2020, and as chairman of Worldwide Engineering CGNPC AREVA Nuclear Co., Ltd. from March 2016 to January 2020. Mr. Chen served as chairman of China Nuclear Power Design Co., Ltd. (Shenzhen) since April 2016, and as chairman of CGN Huizhou Nuclear Power Co., Ltd. (中廣核惠州核電有限公司) ("**Huizhou Nuclear**") since March 2020. He served as chairman of CGN Cangnan Nuclear Power Co., Ltd. (中廣核蒼南核電有限公司) ("**Cangnan Nuclear**") from April 2021 to January 2022.



Mr. Jiang Dajin ◆ Executive Director and Vice President



The biography of Mr. Jiang Dajin is set out on Page 80 of this Annual Report.

Mr. Qin Yuxin ◆ Vice President

Mr. Qin Yuxin (秦余新), born in 1972, has served as a Vice President of the Company since April 2021. He has a master's degree and is a senior engineer (researcher-level). Mr. Qin Yuxin has more than 20 years of experience in the nuclear power industry. Mr. Qin served as an assistant to the general manager of the nuclear power operation department of the Company and an assistant to general manager of CGN Operations from November 2014 to May 2016, as an assistant to general manager of CGN Operations from May 2016 to June 2016, as the deputy general manager of CGN Operations from June 2016 to May 2018, and as the general manager of CGN Operations from May 2018 to December 2020. He has served as the chairman of CGN Operations since December 2020.

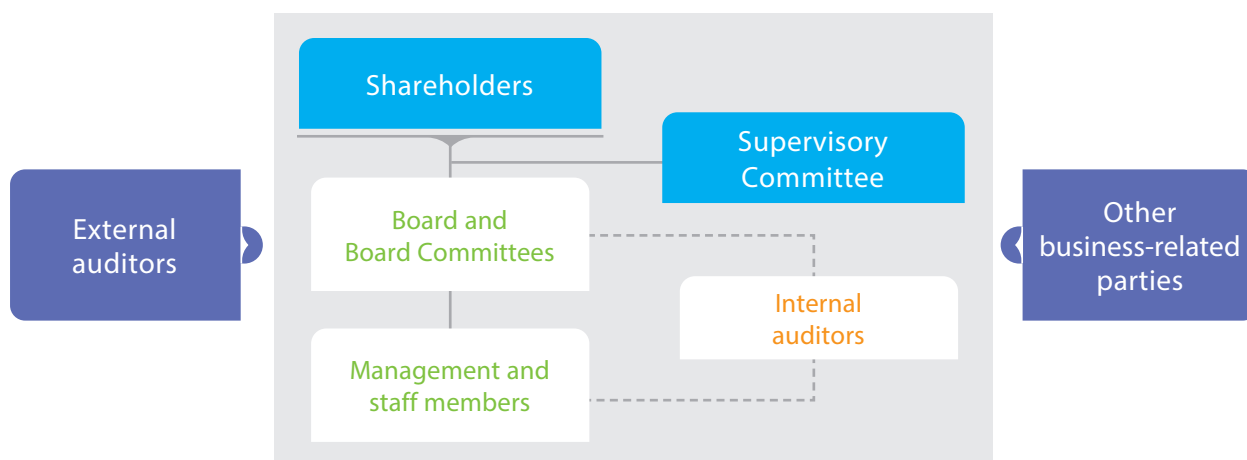


Corporate Governance Report

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, the 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, business partners, social environment and regulators, also reflect the effectiveness of our corporate governance. We are therefore fully aware of our significant corporate and social responsibilities as a public company and we need to constantly follow the best corporate governance practices.



Brief Introduction to the Corporate Governance Code of CGN Power

The Company strives to maintain a high level of corporate governance to ensure the realization of the Company's strategy, to protect the interests of shareholders and to enhance enterprise value. The Company has complied with code provisions as set out in Part 2 of the Corporate Governance Code contained in Appendix 14 (the "Hong Kong Stock Exchange Code") to the Listing Rules. 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, or 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, or give explanations for any deviations from the recommended best practices.

Corporate Governance Report

In accordance with the Listing Rules and the Hong Kong Stock Exchange Code and based on the corporate governance framework of the Company, the Board has formulated the Corporate Governance Code of CGN Power Co., Ltd. (the “**Corporate Governance Code of the Company**”) as the corporate governance guidelines of the Company to describe the systems, procedures and measures we adopted to ensure our corporate governance standards to meet the expectations of our shareholders and other stakeholders. The Code was reviewed and approved at the fifth meeting of the first session of the Board of Directors on November 18, 2014. Pursuant to the latest revision of the Code of Corporate Governance of Listed Companies of the CSRC, 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 of the Company in January 2016, November 2018 and August 2020, respectively.

The Corporate Governance Code of the Company

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.

- 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.
- As to the requirements on independent non-executive Directors (such as their terms of reappointment and the maximum number of companies in which they could concurrently assume the role of independent non-executive directors), we will abide by more stringent Chinese 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 Directors. The service contracts with our Directors and Supervisors do not contain any provisions under which the Company is not allowed to terminate such contracts within one year without compensation (except for statutory compensation).
- The Company shall disclose the compliance by its controlling shareholder with its undertakings under the non-competition deed in its annual reports.
- According to the authorization of the Board and the working rules of the special committees, the special committees of the Board consider and review the relevant issues and express their opinions and recommendations, and continuously enhance the decision-making support to the Board of Directors. In the meantime, the special committees of the Board prepare their respective annual work reports and make relevant disclosure in the annual report, so as to further enhance the standardization and transparency of corporate governance.

Corporate Governance Practices

The Company conducts a self-assessment on corporate governance every year with the aim of reviewing the implementation of the Corporate Governance Code of the Company and locating discrepancies, while summarizing the Company's good corporate practices.

The Company completed the annual self-assessment on corporate governance in 2021. As at the end of 2021, the Company had complied with all applicable code provisions of the Hong Kong Stock Exchange Code, the recommended best practices and the Corporate Governance Code of the Company.

Based on the analysis on the rather developed as well as newly implemented measures in respect of corporate governance, we believe that the Company mainly carried out the following sound practices in this aspect throughout 2021:

- 1 Through analyzing substantial amount of cases in the Hong Kong Stock Exchange and the SZSE, with reference to the relevant rules of the Hong Kong Stock Exchange and the SZSE, the Company further improved the quality of the announcements and regular reports prepared. The Company continued to organize information disclosure training which covers all employees, and adopted a combination of rules and cases as a way to encourage all staff being fully aware of the importance of information disclosure and ensure the compliance and efficiency of information disclosure of the Company. The Company scored an A in the annual information disclosure assessment of the SZSE covering the period from May 2020 to April 2021.
- 2 The Company standardized the arrangements on communication with Directors before the Board meetings, to help the Directors, especially the independent non-executive Directors, to fully understand the details of resolutions, and also actively responded to the matters concerned by the Directors, in order to enhance the quality of resolutions and improve the efficiency of the Board meetings in terms of decision making.

We will persist in the corporate governance practices established in the previous years and recognized by the Board or the general meeting, mainly including:

- 1 Further strengthen the support for the Board on duty performance.
 - (1) In order to facilitate the Directors' prompt and easy access to relevant information on duty performance, the Company has formulated the Handbook on Duty Performance of Directors of CGN Power (updated in 2020), providing Directors with reference for the rules and guidelines of duty performance.
 - (2) The expenses incurred by Directors for seeking independent professional advisers have been included in the annual budget of the Company.

Corporate Governance Report

- (3) Adhering to the working principle of “enhancing the scope of protection and striving for optimal protection conditions”, the Company has extended the insurance coverage for Directors to major affiliates, and the policy limit upon renewal maintained at a relatively high level. Upon listing of A shares, the responsibilities of directors of A shares are also covered.
- (4) The management organizes extraordinary meetings on the issues that the Board is concerned about for individual reporting, and responds to the concerns of the Directors.
- (5) The documents provided to the Directors for review include, in addition to the resolution documents, the basis and process of discussion, and the professional opinions from third-party intermediaries, so as to provide a sufficient basis for the Directors to consider.
- (6) In order to help all Directors familiarize with and get hold of the Company’s operation, the latest business report is given on the regular Board meeting of the Company.

2 Strengthen proactive communication with shareholders and strive to protect investors’ rights.

- (1) We regularly analyze our shareholder structure, consider capital market conditions and company dynamics, and visit long-term investors on our own initiative. The Company highly values making timely and accurate responses through irm.cninfo.com.cn, capital market hotline and emails from the Company to inform shareholders the sound operation and stable growth of the Company and manifest the long-term value of the Company.
- (2) Roadshows, reverse roadshows, result announcement conferences and teleconferences are organized to proactively report our business operations to the shareholders, analysts, financial media and other parties. By further broadening our communication channels with shareholders, their better understanding of business operations of the Company could be attained.
- (3) The Company invited analysts from investment banks to conduct training sessions for Directors, Supervisors and senior management in respect of corporate value management, hot spots in the capital market as well as capital operations, with a view to deepening their understanding of insights into the capital market and strengthening their awareness of the importance of protecting rights of the shareholders.

3 The Company has formulated its Code for Securities Transactions by Directors and Specific Persons. In accordance with the A share regulatory rules, it is amended to setting up rules on basic principles for securities transaction, approval procedures and others. The confirmation for disclosure of interests by Directors, Supervisors and senior management was signed at the Board meetings for annual and interim results, respectively.

Overview of Regulatory Documents on Governance and Key Rules and Regulations

In accordance with the requirements of Securities Law of the PRC (Revised in 2019), the Code of Corporate Governance of Listed Companies (2018 Revision), the Measures for the Administration of Information Disclosure by Listed Companies (Revised in 2021), the Provisions on the Registration and Management System of Insiders Who Have Access to Insider Information of Listed Companies (Formulated in 2021) of the CSRC, the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange (Revised in 2020), the Guidelines on the Standardized Operation of Companies Listed on Shenzhen Stock Exchange (Revised in 2020), as well as other regulations and rules, and taking into account the actual situation of the Company, we revised the Articles of Association of CGN Power Co., Ltd., the Procedural Rules of the Board of Directors of CGN Power Co., Ltd., the Terms of Reference for the Nomination Committee under the Board of Directors of CGN Power Co., Ltd., the Management Rules on Information Disclosure of CGN Power Co., Ltd., the Management Rules on Fundraising Proceeds of CGN Power Co., Ltd., and the Management Measures on Guarantees of CGN Power Co., Ltd.

As at the end of 2021, our regulatory documents on governance and key rules and regulations mainly consist of:

- Articles of Association of CGN Power Co., Ltd.* (the “Articles of Association”)
- Procedural Rules of General Meeting of CGN Power Co., Ltd.* (the “Procedural Rules of General Meeting”)
- Procedural Rules of the Board of Directors of CGN Power Co., Ltd.* (the “Procedural Rules of Board of Directors”)
- Procedural Rules of the 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 under the Board of Directors of CGN Power Co., Ltd.*
- Terms of Reference for the Remuneration Committee under the Board of Directors of CGN Power Co., Ltd.*
- Terms of Reference for the Nomination Committee under the Board of Directors of CGN Power Co., Ltd.*

Corporate Governance Report

- ☉ Terms of Reference for the Nuclear Safety Committee under the Board of Directors 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 Related Party 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.
- ☉ Internal Control Manual of CGN Power Co., Ltd. (First Edition)
- ☉ Director Nomination Policy of CGN Power Co., Ltd.*
- ☉ Corporate Governance Code of CGN Power Co., Ltd.*
- ☉ Shareholder Communication Policy of CGN Power Co., Ltd.*
- ☉ Terms of Reference for Independent Directors of CGN Power Co., Ltd.
- ☉ Terms of Reference for Secretary of the Board of Directors of CGN Power Co., Ltd.
- ☉ Management Measures on Guarantees of CGN Power Co., Ltd.*
- ☉ Management Rules on Investments of CGN Power Co., Ltd.
- ☉ Code for Securities Transactions by Directors and Specific Persons of CGN Power Co., Ltd.*
- ☉ Management Rules on Fundraising Proceeds of CGN Power Co., Ltd.*
- ☉ Management Rules on Capital Flows to and from Related Parties of CGN Power Co., Ltd.

* Already disclosed at the website of the Hong Kong Stock Exchange or the website of the SZSE or the website of the Company.

Major amendments to the Articles of Association

In accordance with the relevant amendments to the Guidelines on the Standardized Operation of Companies Listed on Shenzhen Stock Exchange (Revised in 2020) and taking into account the actual situation of the Company, we amended the Articles of Association in 2021. The Articles of Association were approved at the annual general meeting held on May 26, 2021. The amendments mainly included: the number of members of the Board and independent non-executive Directors were amended, and the accountability mechanism for violating approval authority on guarantees was added.

Compliance with Domestic Regulatory Requirements

The Corporate Governance Code of the Company and the corporate governance practice of the Company were in compliance with the PRC laws and regulations, the relevant regulatory requirements of the CSRC and the Hong Kong Stock Exchange. The Company will update them on a continuous basis to remain consistent with laws and regulations. As at the end of 2021, 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, organizations and finance, etc.

Among ten Directors of the Company, two non-executive Directors hold positions in CGNPC. Gao Ligang, an executive Director and President, was the chairman of GNS (a subsidiary of CGNPC) from June 2016 to September 2021, and has been the general manager of CGNPC since July 2021. Vice President Chen Yingjian has served as the chairman of Huizhou Nuclear since March 2020, and served as the chairman of Cangnan Nuclear from April 2021 to January 2022. None of other members of the senior management of the Company holds positions in CGNPC.

While maintaining our independent and complete business system and independent operating ability, we will continue to regulate our connected transactions and reduce potential horizontal competition to maximize shareholders' interests. For instance, if the Company enters into connected transactions with CGN Group, three Directors Yang Changli, Gao Ligang and Shi Bing will abstain from voting.

Corporate Governance Report

Horizontal competition with Controlling Shareholder

We entered into a Custodian Management Framework Agreement with CGNPC on April 28, 2014 and renewed the agreement on November 30, 2021, pursuant to which the Group will provide certain custodian services and will represent CGNPC in exercising certain management rights or powers over the custodian target companies.

As at December 31, 2021, the target companies under custody included: Xianning Nuclear Power Co., Ltd. (咸寧核電有限公司), Hubei Nuclear Power Co., Ltd. (湖北核電有限公司), Huizhou Nuclear, Cangnan Nuclear and Techenergy.

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

In the progress of A Share Offering of the Company, CGNPC further made an undertaking to avoid horizontal competition, including, but not limited to, to procure, at its best efforts, investees of CGNPC not to, whether at present or in the future, engage or participate in any business or activity that has or might cause direct or indirect competition with principal operations of the Company and its controlling subsidiaries, to treat the Group as the sole platform for final integration of nuclear power generation business of CGNPC, as well as to transfer the domestic retained nuclear power business of CGNPC to the Company upon the fulfillment of specific conditions.

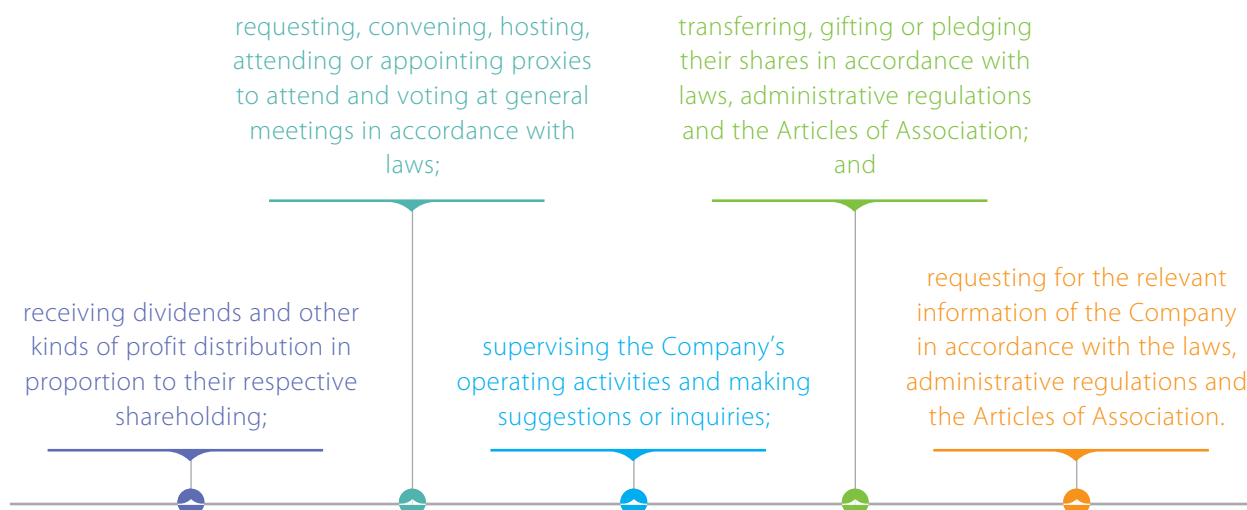
Pursuant to the non-competition deed, the Company received a new business opportunity notice from CGNPC on a nuclear power project located in the United Kingdom (the “U.K. Project”) in 2021, and after careful analysis, the Company did not recommend participation in the investment of the U.K. Project for the time being. The independent non-executive Directors agreed in writing that the Company would not participate in the investment in the above project for the time being.

The independent non-executive Directors will closely monitor the performance of CGNPC under the non-competition deed and the undertaking to avoid horizontal competition, and the management of the Company will report to the Board on the relevant matters as and when appropriate on an ongoing basis. CGNPC confirmed that no breach of non-competition deed and undertaking to avoid horizontal competition has been found during the reporting period.

Shareholders

Shareholders’ Rights

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



To protect shareholders’ interests and rights, the Company will submit separate resolutions in respect of all matters (including the election of a 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, the Hong Kong Stock Exchange and the SZSE after the general meetings.

Corporate Governance Report

Convening Extraordinary General Meetings and Submission of Proposals

According to the Articles of Association, shareholders who individually or jointly hold 10% or more of the voting shares of the Company may request for the convening of an extraordinary general meeting (“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. In the event that the Board agrees to convene an EGM or class meeting, the notice of convening an EGM or class meeting shall be issued within five days from the passing of the relevant resolution of the Board. Any amendment to the proposal made in the notice requires approval of the shareholders concerned.

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 ten days before the date of the general meeting. The Board shall notify other shareholders within two 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 Company’s headquarters in the PRC.

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

Enquiries to the Board

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



Shareholdings

Total number of registered shareholders

Unit: accounts

| | As at December 31, 2020 | As at December 31, 2021 |
|---|-------------------------------|-------------------------------|
| Total number of registered shareholders | 302,572 | 290,043 |
| Registered shareholders of H shares | 3,584 | 3,369 |
| Holder of A shares | 298,988 | 286,674 |

Shareholder structure

| Nature of shares | Shareholders | Number of shares held (shares) | Approximate percentage of the Company's total issued shares (%) |
|------------------|--------------------------------------|--------------------------------------|---|
| A shares | CGNPC | 29,176,641,375 | 57.78 |
| | Hengjian Investment | 3,428,512,500 | 6.79 |
| | CNNC | 1,679,971,125 | 3.32 |
| | Other holders of A shares | 5,049,861,100 | 10.00 |
| H shares | China Life Insurance Company Limited | 1,452,114,000 | 2.88 |
| | CGNPC | 528,302,000 | 1.04 |
| | Other holders of H shares | 9,183,209,000 | 18.19 |

Note: The data above is relevant as at December 31, 2021.

As at the date of this Annual Report, our minimum public float meets the relevant requirements of the Listing Rules.

Corporate Governance Report

General Meetings

Pursuant to the Articles of Association, general meetings are divided into annual general meeting (“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.

In 2021, we held two general meetings, namely the 2020 AGM/the 2021 first H shareholders’ class meeting/the 2021 first A shareholders’ class meeting and the 2021 first EGM.

| 2020 AGM | Date | May 26, 2021 |
|-----------------|-------------------------------------|--|
| | Location | Shenzhen CGN Building |
| | Attendance | Total number of shares with voting rights represented by the shareholders attending the AGM in person or by proxy was 39,443,774,483 shares, representing approximately 78.1% of the total number of shares |
| | Resolutions considered and approved | <p>Ordinary resolutions:</p> <p>The report of the Board of the Directors for the year ended December 31, 2020</p> <p>The report of the Supervisory Committee for the year ended December 31, 2020</p> <p>The annual report of the Company for the year 2020</p> <p>The audited financial report for the year ended December 31, 2020</p> <p>The profit distribution plan for the year ended December 31, 2020</p> <p>The dividend distribution plan for the coming five years (2021-2025)</p> <p>The investment plan and capital expenditure budget for the year 2021</p> <p>The appointment of KPMG Huazhen LLP as the financial report auditor of the Company for the year 2021 until the end of the next annual general meeting of the Company, and to authorize the Board to determine its remuneration</p> <p>The appointment of Pan-China Certified Public Accountants LLP as the internal control auditor of the Company for the year 2021 until the end of the next annual general meeting of the Company, and to authorize the Board to determine its remuneration</p> <p>The appointment of a non-executive Director</p> <p>The appointment of an independent non-executive Director</p> <p>The remuneration of Directors and Supervisors for the year 2021</p> <p>The remuneration of the newly-appointed independent non-executive Director for the year 2021</p> <p>2021-2023 Financial Services Framework Agreement and the proposed annual caps</p> <p>Special resolutions:</p> <p>The amendments to the Articles of Association</p> <p>The amendments to the Procedural Rules of the Board of Directors</p> <p>The application for unified registration of multi-type debt financing instruments</p> <p>The grant of the general mandate to issue Shares to the Board of Directors for allotting, issuing and dealing with additional A Shares and/or H Shares during the relevant period</p> <p>The grant of the general mandate to repurchase Shares to the Board of Directors for repurchasing A Shares and/or H Shares of the Company during the relevant period</p> |

**2021 first
H shareholders'
class meeting**

| | |
|-------------------------------------|--|
| Date | May 26, 2021 |
| Location | Shenzhen CGN Building |
| Attendance | Total number of H shares with voting rights represented by the holders of H shares attending the H shareholders' class meeting in person or by proxy was 4,704,365,229 shares, representing approximately 42.1% of the total number of shares. |
| Resolutions considered and approved | Special resolution: The grant of the general mandate to repurchase Shares to the Board of Directors for repurchasing A Shares and/or H Shares of the Company during the relevant period |

**2021 first
A shareholders'
class meeting**

| | |
|-------------------------------------|---|
| Date | May 26, 2021 |
| Location | Shenzhen CGN Building |
| Attendance | Total number of A shares with voting rights represented by the holders of A shares attending the A shareholders' class meeting in person or by proxy was 34,555,137,254 shares, representing approximately 87.8% of the total number of A shares. |
| Resolutions considered and approved | Special resolution: The grant of the general mandate to repurchase Shares to the Board of Directors for repurchasing A Shares and/or H Shares of the Company during the relevant period |

2021 first EGM

| | |
|-------------------------------------|--|
| Date | October 27, 2021 |
| Location | Shenzhen CGN Building |
| Attendance | Total number of shares with voting rights represented by the shareholders attending the EGM in person or by proxy was 37,326,471,445 shares, representing approximately 73.9% of the total number of shares. |
| Resolutions considered and approved | Ordinary resolutions: The appointment of a non-executive Director The remuneration of the newly appointed non-executive Director for the year 2021 |

Corporate Governance Report

We are serious about the organization and convening of each general meeting. All Directors, Supervisors and senior management members attend the general meetings to the best of their abilities and answer questions of the shareholders with the presence of witnessing lawyer(s). The external auditors of the Company also attended the AGM, and replied to questions about audit practices, preparation and contents of the auditors' report, accounting policies and independence of auditors. The 2021 AGM is expected to be held in May 2022.

Details of the major questions raised by the shareholders and the relevant replies at the general meetings are as follows:

- Q** Please introduce the arrangement for operating revenue and cost control in 2021.
- A**
- The operating revenue of the Company was mainly electricity sales income in 2021, which was closely related to on-grid power generation. The utilization rate of the generating units improved this year, and Hongyanhe Unit 5 is expected to commence commercial operation in the second half of the year. The on-grid power generation and operating revenue are expected to increase as compared from last year.
- The Company put in great effort regarding cost control. Firstly, the Company continued to “tighten our belts” to lower management cost and control non-production fees; secondly, the Company lowered the production fees by innovating and improving technology as well as optimizing procedures; lastly, the Company will highly emphasize strengthening construction cost management with an aim to control cost properly in regard of the construction design.







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 activities of investor relations through these systems.

The Company continues to help our shareholders understand the Company in a timely and comprehensive manner through various communication channels. Meanwhile, we highly value the views and feedback of shareholders and investors. We earnestly consider the advice and comments of shareholders and investors on the Company's development strategy, operation and other aspects and provide feedback to the Board, the management and relevant departments of the Company through briefings, special reports and other means, in order to achieve the alignment between the Company's business development and shareholder value and to protect the interests of the shareholders, thereby achieving effective and smooth two-way communication.

Communication Activities with Shareholders and Investors

Main channels of communication with shareholders and investors and the communication activities in 2021:

-  Regular report: Annual report, interim report, quarterly report, quarterly operation briefings and ESG report of the Company are published in a timely manner.
-  General meeting: the 2020 AGM/the 2021 first H shareholders' class meeting/the 2021 first A shareholders' class meeting were held in Shenzhen, Guangdong Province, China on May 26, 2021; the 2021 first EGM was held in Shenzhen, Guangdong Province, China on October 27, 2021.
-  Results announcement conference: The 2020 annual results announcement conference was held in Shenzhen on March 19, 2021; the 2021 interim results announcement conference was held on August 27, 2021.
-  Results roadshow: The Company organized annual results roadshow in March 2021 and interim results roadshow in August 2021.
-  Research activities: We arranged interviews between the management and the investors and analysts from time to time to listen to their opinions and suggestions and respond to their concerns.
-  Analyst teleconference: The Company organizes analyst teleconference to facilitate detailed communication with the capital market after publishing quarterly operations, quarterly reports or in case of internal and external material matters. The Company held quarterly operation teleconferences in January and July 2021 and quarterly report teleconferences in April and October 2021.
-  Online communication: In December 2021, the Company participated in an online group reception day for investors of Shenzhen listed companies.
-  Daily communication: Timely response to the concerns of shareholders and investors on the IRM platform, investor hotline, and IR mailbox.
-  Company website (www.cgnp.com.cn): The Company publishes information and materials relevant to investors in the Investor Relations column.

Corporate Governance Report

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 the Company is committed to establishing a board with members with a diverse background. The Board formulated the Board Diversity Policy and delegated the task of reviewing the policy regularly to the Nomination Committee.

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. The members of this session of the Board possess over 20 years of extensive experiences in the electricity industry management, financial and accounting management, audit, macro economy, safety management, as well as supervision and management of state-owned enterprises respectively. They fully understand their duties, rights and responsibilities and are capable of performing their duties in a faithful, honest and diligent manner.

Pursuant to the Articles of Association, the Board of the Company comprises ten Directors. Except for Mr. Gao Ligang, being an executive Director and the President of the Company, and Mr. Jiang Dajin, being an executive Director and the Vice President of the Company, all the remaining Directors are non-executive Directors who are independent of our management, including four independent non-executive Directors. Each of the independent non-executive Directors has confirmed that he is independent of the Company, thereby contributing to critical review and monitoring of management process.



(as at the date of this report)

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 2021 that at least three independent non-executive Directors have been appointed. Among them, at least one independent non-executive Director must have appropriate professional qualification or professional knowledge of accounting or professional knowledge related to financial management.

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

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

Please refer to “Board of Directors, Supervisory Committee and Senior Management” set out on page 80 to 83 of this Annual Report for the biographical details of all Directors. Except for those disclosed in such section, no other information relating to the relationship between Directors and Supervisors and other Directors, Supervisors and senior management shall be disclosed according to the Hong Kong Stock Exchange Code.

The Board has set out 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 related party 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 he/she 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, Mr. Yang Changli and Mr. Shi Bing, all being Directors, shall refrain from voting at the Board meeting at which we considered and approved the 2021-2023 Financial Services Framework Agreement and the proposed annual caps.

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.

Corporate Governance Report

The major responsibilities of the Board include:

- ④ formulating strategic guideline of the Company;
- ④ developing working targets of the management;
- ④ evaluating the performance of the management;
- ④ ensuring the Company implements a prudent and effective regulatory framework to evaluate and manage risks;
- ④ performing the function of corporate governance for the Company or arranging for one or more committees to perform related duties; and
- ④ authorizing the special committees to perform relevant detailed responsibilities in accordance with the requirements of the Procedural Rules of Board of Directors and the terms of reference of the special committees.

To facilitate the Directors' access to the support for duty performance, the Company, pursuant to the Listing Rules and the Articles of Association, compiled the Handbook on Duty Performance of Directors of CGN Power in November 2018, providing Directors with reference for the rules and guidelines of duty performance. The handbook was amended for the first time according to regulatory requirements in August 2020.

The main corporate governance duties of the Board include:

- ④ developing and reviewing the policies and practices regarding the corporate governance of the Company;
- ④ reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- ④ reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- ④ developing, reviewing and monitoring the rules regarding code of conduct applicable to employees and Directors; and
- ④ reviewing the Company's compliance with the Corporate Governance Code of the Company and the Hong Kong Stock Exchange Code and the disclosure in the Corporate Governance Report.

Delegation by the Board

The Board retains the power to decide on all material matters pertaining to the Company, including: approval and supervision on all policy matters, overall strategies and budgets, internal control and risk management system, material transactions (in particular those possibly involving a 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 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 "Audit and Risk Management Committee Report" set out on page 141 of this Annual Report for details of the Audit and Risk Management Committee, including its composition and annual work summary.

The duties and responsibilities of the committee mainly include:

- To provide advice on the appointment, reappointment, removal and remuneration of the independent auditors, and to review the independence of the auditing agency appointed by the issuer and to give opinions on its independence;
- 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;









Corporate Governance Report

- To review the quarterly, 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, areas involving critical judgment, 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 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 and its implementation;
- 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 actively understand the work dynamics of the internal audit department, timely coordinate major internal control deficiencies found and to report to the Board of Directors; and
- To fulfill other duties and responsibilities delegated by the securities regulatory authorities in the jurisdiction where the Company is listed.

Remuneration Committee

Please refer to the “Remuneration Committee Report” set out on page 143 of this Annual Report for details of the Remuneration Committee, including its composition, annual work summary, remuneration policy and remuneration of Directors, Supervisors and senior management in 2021.

The duties and responsibilities of the committee mainly include:

-  To study the remuneration (including benefits in kind, pensions and compensation payments) policy, structure and procedures for formulating remuneration policies for Directors, Supervisors and senior management officers and make recommendations 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 organize the Company’s performance evaluation of management personnel except supervisors;
-  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; and
-  To ensure that none of the Directors or any of his/her associates will be involved in deciding on his/her own remuneration.

Corporate Governance Report

Nomination Committee

Please refer to the “Nomination Committee Report” set out on page 145 of this Annual Report for details of the Nomination Committee, including its composition and annual work summary.

The duties and responsibilities of the committee mainly include:

- 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 review the selection criteria and procedures for directors and senior management and make recommendations thereon;
- To recommend individuals suitable to become directors and senior management; 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;
- 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; and
- To fulfill such other duties and responsibilities delegated by the Board.

Nuclear Safety Committee

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

The duties and responsibilities of the committee mainly include:

- 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 obtained by the Company;
- To implement necessary 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; and
- To fulfill other duties and responsibilities delegated by the regulatory authorities in the jurisdiction where the Company is listed.

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 nine Board meetings (including five regular Board meetings and four extraordinary Board meetings). The convening and voting procedures of such meetings were all in compliance with the requirements under the Articles of Association and the Procedural Rules of Board of Directors. Details of the meetings are as follows:

| No | Meeting | Date | Mode |
|----|---|-------------------|-------------------|
| 1 | Fourth meeting of the third session of the Board of Directors | January 13, 2021 | Physical |
| 2 | Fifth meeting of the third session of the Board of Directors | March 18, 2021 | Physical |
| 3 | Sixth meeting of the third session of the Board of Directors (extraordinary meeting) | April 14, 2021 | By teleconference |
| 4 | Seventh meeting of the third session of the Board of Directors | April 22, 2021 | Physical |
| 5 | Eighth meeting of the third session of the Board of Directors | August 26, 2021 | Physical |
| 6 | Ninth meeting of the third session of the Board of Directors (extraordinary meeting) | September 9, 2021 | By teleconference |
| 7 | Tenth meeting of the third session of the Board of Directors ^{Note} | October 27, 2021 | Physical |
| 8 | Eleventh meeting of the third session of the Board of Directors (extraordinary meeting) | November 30, 2021 | By teleconference |
| 9 | Twelfth meeting of the third session of the Board of Directors (extraordinary meeting) | December 10, 2021 | By teleconference |

Note: Before this Board meeting, the Chairman held a symposium with independent non-executive Directors, without attendance of other Directors.

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:

- ④ Nuclear Energy Industry Medium and Long-term Development Strategy and 14th Five-Year Plan
- ④ 2021 Operational Plan
- ④ 2021 Comprehensive Risk Management Report
- ④ 2021 Internal Audit Plan
- ④ Appointment of Vice President of the Company
- ④ Amendment to the Terms of Reference for the Nomination Committee
- ④ Amendment to the Management Rules on Information Disclosure of CGN Power Co., Ltd.

Corporate Governance Report

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

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

| Name | Position | Attendance/Frequency of Meetings | | | | | |
|--------------------------------|--|----------------------------------|---|--------------------------------|------------------------------|----------------------------------|-----------------|
| | | Board Meeting | Audit and Risk Management Committee meeting | Remuneration Committee meeting | Nomination Committee meeting | Nuclear Safety Committee meeting | General Meeting |
| Yang Changli | Chairman of the Board and Non-executive Director, NS (Chairman), P | 9/9 | - | - | 4/4 | 2/2 | 1/2 |
| Gao Ligang | Executive Director and President, NS | 9/9 | - | - | - | 2/2 | 2/2 |
| Jiang Dajin | Executive Director and Vice President | 9/9 | - | - | - | - | 2/2 |
| Shi Bing | Non-executive Director | 9/9 | - | - | - | - | 2/2 |
| Wang Wei ⁽¹⁾ | Non-executive Director, S, NS | 0/1 | - | 0/1 | - | 0/1 | - |
| Li Mingliang ⁽²⁾ | Non-executive Director, S, NS | 1/1 | - | 0/1 | - | 1/1 | - |
| Wang Hongjun ⁽³⁾ | Non-executive Director, S, NS | 3/3 | - | - | - | - | - |
| Gu Jian | Non-executive Director, A, NS | 9/9 | 3/5 | - | - | 2/2 | 2/2 |
| Li Fuyou ⁽⁴⁾ | Independent non-executive Director, P (Chairman), NS | 9/9 | 4/4 | - | 4/4 | 2/2 | 2/2 |
| Yang Jiayi | Independent non-executive Director, A (Chairman), S | 9/9 | 5/5 | 5/5 | - | - | 2/2 |
| Xia Ceming | Independent non-executive Director, S (Chairman), P | 9/9 | - | 5/5 | 4/4 | - | 2/2 |
| Tang Chi Cheung ⁽⁵⁾ | Independent non-executive Director, A | 3/3 | 1/1 | - | - | - | 1/1 |

A: Audit and Risk Management Committee P: Nomination Committee NS: Nuclear Safety Committee S: Remuneration Committee

Notes:

- (1) Mr. Wang Wei resigned from his position as a non-executive Director of the third session of the Board, a member of the Remuneration Committee and a member of the Nuclear Safety Committee due to work reasons, which became effective on February 25, 2021.
- (2) Mr. Li Mingliang was elected as a non-executive Director of the third session of the Board at the 2020 AGM, which became effective on May 26, 2021; Mr. Li Mingliang resigned from his position as a non-executive Director of the third session of the Board, a member of the Remuneration Committee and a member of the Nuclear Safety Committee due to work reasons, which became effective on September 9, 2021.
- (3) Mr. Wang Hongjun was elected as a non-executive Director of the third session of the Board, a member of the Remuneration Committee and a member of the Nuclear Safety Committee at the 2021 first EGM, which became effective on October 27, 2021.
- (4) Mr. Li Fuyou resigned from his position as a member of the Audit and Risk Management Committee due to work reasons, which became effective on September 9, 2021.
- (5) Mr. Tang Chi Cheung was elected as an independent non-executive Director of the third session of the Board, which became effective on May 26, 2021; he was elected as a member of the Audit and Risk Management Committee at the ninth meeting of the third session of the Board, which became effective on September 9, 2021.

Certain Directors were unable to attend relevant meetings due to other business engagements and delegated in writing to the proxies to vote on relevant matters on their behalf.

Training for Directors

As stipulated by the Listing Rules, a director shall be aware of his duties. All newly appointed Directors have been provided with necessary induction training and information 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, the Company's performance in the capital market and other important matters.

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.

The current Directors have received the following trainings in relation to the roles, functions and duties of directors of listed companies for the year ended December 31, 2021.

| Director | Type of training | | |
|--------------------------------|-------------------|-------------------|---------------------|
| | Reading Materials | Specific Training | On-site Inspections |
| Yang Changli | √ | √ | |
| Gao Ligang | √ | √ | |
| Jiang Dajin | √ | √ | |
| Shi Bing | √ | √ | |
| Wang Wei ⁽¹⁾ | √ | | |
| Li Mingliang ⁽²⁾ | √ | √ | √ |
| Wang Hongjun ⁽³⁾ | √ | √ | |
| Gu Jian | √ | √ | |
| Li Fuyou | √ | √ | √ |
| Yang Jiayi | √ | √ | √ |
| Xia Ceming | √ | √ | √ |
| Tang Chi Cheung ⁽⁴⁾ | √ | √ | |

Notes:

- (1) Mr. Wang Wei resigned from his position as a non-executive Director of the third session of the Board, which became effective on February 25, 2021.
- (2) Mr. Li Mingliang was elected as a non-executive Director of the third session of the Board at the 2020 AGM, which became effective on May 26, 2021; Mr. Li Mingliang resigned from his position as a non-executive Director of the third session of the Board due to work reasons, which became effective on September 9, 2021.
- (3) Mr. Wang Hongjun was elected as a non-executive Director of the third session of the Board at the 2021 first EGM, which became effective on October 27, 2021.
- (4) Mr. Tang Chi Cheung was elected as an independent non-executive Director of the third session of the Board at the 2020 AGM, which became effective on May 26, 2021.

Corporate Governance Report

Reading Materials:

- Company Management Monthly Report Once a month and a total of 12 issues.

Listed Company Regulatory Work Newsletter (Issue 1, 2021) provided by the Shenzhen office of the CSRC

Specific Trainings:

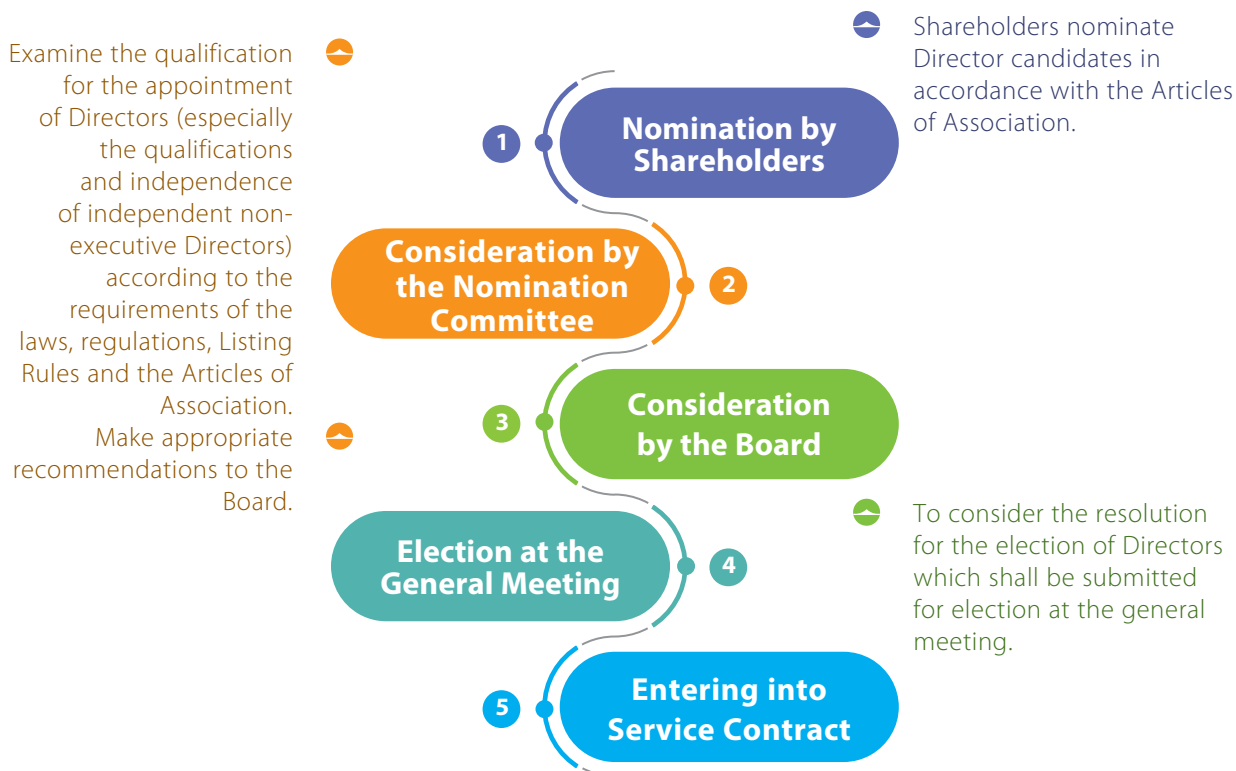
- On January 13, 2021, a lecture on the interpretation of power planning under the “14th Five-Year” plan was given by an expert from a electricity planning consulting agency.
- From July 8, 2021 to August 4, 2021, Tang Chi Cheung, being an independent non-executive Director, attended the 121st session of Training Course for the Independent Directors of Listed Companies organized by the SZSE and obtained a qualification certificate of independent directors. By doing so, he fulfilled his promise that he would attend the latest independent directors training course organized by the SZSE and obtained the relevant qualification.
- On September 1, 2021, an online training session on the interpretation of the “zero-tolerance” policy of the capital market under the new circumstances was organized by the Shenzhen Public Companies Association.
- On October 27, 2021, a lecture on the analysis and prospects of the power industry under the national goals of “emission peak” and “carbon neutrality” was given by the chief analyst in the public environment and coal sector from an investment bank.
- On November 30, 2021, the 2021 continuous supervision training on the updates of day-to-day domestic regulatory rules, the amendments to the Listing Rules and cases of regulatory penalties on listed companies organized by the sponsor of the Company was completed.
- On December 28 and 29, 2021, Wang Hongjun and Gu Jian, being the non-executive Directors, attended in the training sessions for the directors, supervisors and senior management of the listed companies organized by the Shenzhen CSRC in 2021 on the introduction of regulatory environment of listed companies, the insights into the regulatory laws and regulations and the latest policy requirements of the listed companies, the analysis of new rules for delisting and information disclosure issues, the explanation of governance of listed companies and the obligations of directors, supervisors and senior management, etc.

On-site Inspections:

- Conducted on-site inspection at the Company’s relevant departments and CGN Finance on March 17, 2021.
- Conducted on-site inspection at DNMC and CGN Engineering on March 19, 2021.
- Conducted on-site inspection at Lufeng Nuclear and Huizhou Nuclear from April 21 to 22, 2021.
- Conducted on-site inspection at Yangjiang Nuclear and Taishan Nuclear on May 27 to 28, 2021.

Appointment and Re-election 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. The Company formulated the procedures for selection, appointment and re-election of Directors, and specified the working process and duties in appointment and re-election of Directors.



Directors' Undertakings

Directors 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 the PRC, 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 《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 and the SZSE. 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, the SZSE and the Hong Kong Companies Registry within the prescribed period.

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

Corporate Governance Report

Directors' Interest

As recorded in the register required to be kept pursuant to Section 352 of Part XV of the Hong Kong Securities and Futures Ordinance, none of the Directors held any shares of the Company or any of the Company's associated corporations as at December 31, 2021.

Model Code for Securities Transactions

The Company has formulated and adopted the Code for Securities Transactions by Directors and Specific Persons, the provisions of which are not less stringent than the Model Code in Appendix 10 to the Listing Rules. After making specific enquiries by the Company, the Directors of the Company have all confirmed that they have complied with the above two codes for the year 2021.

Roles of Chairman and President

According to the requirements of provision C.2.1 of the latest Hong Kong Stock Exchange Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. In 2021, Mr. Yang Changli and Mr. Gao Ligang were the Chairman and the President, 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 over the general meetings, convening and presiding over meetings of the Board and reviewing 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.

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 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, 2021 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 statement made by the auditors of the Company on their reporting responsibilities in respect of the Company's financial statements is contained in "Audit Report" on page 166 of this Annual Report.

Supervisory Committee

Please refer to the "Supervisory Committee Report" as set out on page 150 of this Annual Report for details of the Supervisory Committee, including its composition, duties and responsibilities and the annual work summary for the year.

Company Secretary

Mr. Yin Engang, being the chief financial officer, the secretary of the Board and a joint company secretary, serves as the main contact person of the Company. To comply with the Listing Rules, the Company has appointed Ms. Ng Sau Mei of TMF Hong Kong Limited as the joint company secretary of the Company, to provide assistance to Mr. Yin Engang. The joint company secretaries also play essential roles in supporting the Chairman, the Board of Directors and the special committees of the Board by ensuring on time and precise information flow, so the Board policies, procedures and decisions are followed. The joint company secretaries have the right to advise on the corporate governance matters and assist Directors to familiarize themselves with the affairs of the Company and acquire professional development.

According to Rule 3.29 of the Listing Rules, the current joint company secretaries of the Company, Mr. Yin Engang and Ms. Ng Sau Mei, had taken not less than 15 hours of relevant professional training during the financial year ended December 31, 2021.

Management and Staff

The responsibility 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 compiled by the Company as an appendix to the employment contract, has the same effect as that of the employment contract. All staff who have 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 the Staff Manual.

The Company has formulated handling measures of noncompliance and disciplinary matters by employees, Code of Conduct of Listed Companies, Detailed Implementing Measures of the Eight-point Decision of the Central Government, as well as management measures on comprehensive supervision and discipline inspection. These applicable rules for handling noncompliance and disciplinary matters should be strictly abided by all management and employees.

Corporate Governance Report

In 2021, we strengthened the deployment of disciplinary staff in certain members of the Group, optimized and improved our handling procedures on noncompliance and disciplinary matters. Through various measures such as convening education conferences, initiating typical cases study and making videos for alerting awareness, we reinforced the reporting of typical cases of violations of discipline and law among our own employees and strengthened the promotion of honest practices among our staff, which were well received by the staff. In 2021, we found 45 breaches of discipline and regulations, all of which were handled in strict accordance with relevant system and procedures. 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 actions taken in respect of the non-compliance with discipline and regulations provided effective reminders on honest practices and facilitated the improvement of management of the Company. The Company has established effective whistleblower channels to report any malpractices or irregularity in any matters related to the Company.




The principles and details of the remuneration of senior management officers are set out in the “Remuneration Committee Report” on page 143 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 54 of this Annual Report.

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 93 auditing staff with related professional qualifications (such as intermediate and senior auditors, internal auditors with international certifications, international internal control self-assessment professional qualifications, international certified information systems auditors, PRC certified public accountants, members of the Association of Chartered Certified Accountants in UK, legal professional qualification, cost engineers and nuclear safety engineers).

Duties of the internal 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 affiliated companies of the Company on a regular basis; and
-  Specific reviews or audits of areas of concern identified by management or the Audit and Risk Management Committee.

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

In 2021, the internal audit department of the Company conducted specific audits on key areas of management such as internal control, production and operation management, business management, R&D management, risk management and financial management of the Company as well as areas of concern identified by the management, and issued reports to senior management officers.

External Auditors

KPMG Huazhen LLP has audited the consolidated financial statements for the year 2021 prepared by the Company in accordance with the CASBE. Pan-China Certified Public Accountants LLP has expressed its audit opinion on the effectiveness of financial report internal control of the Company in 2021 according to the relevant requirements in the Guidelines for Auditing of Enterprise Internal Controls and the Practice Standards for Certified Public Accountants of China. The auditing expenses for the Group for 2021 were about RMB8.74 million in total and the auditors of the Company do not provide non-auditing services.

KPMG Huazhen LLP was proposed to be reappointed by the Company as the external auditor of the Company for 2022 to undertake audit and interim review work for 2022, and Pan-China Certified Public Accountants LLP was proposed to be appointed to undertake internal control audit work for 2022. Their terms of appointment will last until the conclusion of the 2022 AGM (subject to approval at the 2021 AGM).



Other Stakeholders

Other stakeholders of the Company include customers, partners, social environment and regulators, details of which are set out in the 2021 ESG Report of the Company.

Corporate Governance Report

Internal Control

Risk Management

The Company has established a comprehensive risk management system with the principle of “Unified Leadership, Hierarchical Management”, including risk management strategy, organizational function system of risk management and risk management information system. The Company identifies the risks and adopts qualitative and quantitative approaches to analyze and categorize the risks identified based on the possibility of occurrence and seriousness of impact of risks. Based on the result of risk analysis and the risk tolerance, the Company considers relevant risks and benefits and determines the focus points and major risks that require control, based on which it formulates risk control strategies. Please refer to the “Risk Management Report” for details of risk management.

Structure of the internal control system

Based on the principle of “unified theory and methods, multi-layer establishment and divided responsibilities”, the “Basic Standards of Internal Control for Enterprises” 《企業內部控制基本規範》 and its guidelines and taking into account of the business characteristics of the Company, the Company established the standards for internal control construction and management, and formed a collaborative system of internal control within the Company.

The Board is the decision maker for internal control and is responsible for the establishment and effective implementation of sound and effective internal control. The Supervisory Committee is the supervision body for internal control, and is responsible for supervising the Board in establishment and implementation of internal control. The management is the executive body in charge of internal control and is responsible for organizing and being in charge of the daily operation of internal control.

The Company formulated and the Board of the Company approved the Internal Control Manual of CGN Power Co., Ltd. (2017, First Edition). The manual standardizes the relevant management systems and procedures of various businesses and functions of the Company, breaks down and specifies the internal control responsibilities, reasonably guarantees legal and compliant operation and management and ensures the authenticity of financial reports.

| Key Elements of Internal Control | Initiatives |
|----------------------------------|--|
| Internal Environment | <p>The corporate governance structure specifies the management authority at various levels</p> <p>Internal organizations and posts clearly define the allocation of responsibilities and powers</p> <p>The internal supervision system</p> <p>Corporate strategies</p> <p>Integrity and moral values and corporate culture</p> <p>Competency of staff</p> |
| Risk Assessment | <p>Timely identifying and systematically analyzing risks associated with the realization of internal control objectives in the process of operation activities and reasonably determines strategies in response to risks</p> |
| Control Activities | <p>Taking corresponding control measures and formulating internal rules, systems and procedures based on the risk assessment results to ensure the implementation of control measures</p> <p>Covering major business areas such as funding activities, procurement, sales, engineering projects management, guarantee, R&D, business outsourcing, asset management and financial reporting</p> <p>Formulating control measures from the perspectives of, among others, separation of incompatible duties, authority approval, accounting system control, property protection, budgets, operation analyses and evaluation</p> |
| Information and Communication | <p>Collecting and transmitting information related to internal control in a timely and accurate manner to ensure that the information is effectively transmitted within the Company, and between the companies and external parties</p> |
| Internal Supervision | <p>Regularly evaluating the implementation of systems and procedures</p> <p>Independent internal monitoring and auditing activities</p> <p>Self-assessment of internal control system on a regular basis</p> |

Corporate Governance Report

Internal control evaluation

According to the relevant provisions of the Corporate Governance Code of the Company, we have prepared the Internal Control Assessment Proposal for 2021 of the Company (the “**Internal Control Assessment Proposal**”), which clearly provides the evaluation covers the full 2021 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 2021.





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 2021. 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 37 major subsidiaries, which covered all business segments and major business areas of the Company; as at December 31, 2021, the aggregate net assets and operating revenue of the aforesaid companies represented approximately 100% and 100% of the net assets and operating revenue of the Group, respectively. 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, high-risk areas that need to be focused on mainly include, among others, safety, quality and environmental management, procurement business, and fund activities. 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 at the benchmark date (December 31, 2021) of the internal control evaluation report, there were no material defects in the internal controls on the financial reporting of the Company, 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 at the benchmark date (December 31, 2021) of the internal control evaluation report, the Company was not aware of any material defect in the internal control on non-financial reporting. From the benchmark date of the internal control evaluation report up to the issue date of the internal control evaluation report, there were no factors which would affect the evaluation conclusion of effectiveness of internal controls.

Monitoring inside information

The measures for the management and control of inside information by the Company

-  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 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 and staff of the subsidiaries and major affiliated companies on a sustained basis.

In 2021, we carried out trainings on information disclosure through various ways such as face-to-face training, video communication and internet examinations and learning, adding for this year sessions on the latest requirements in both H-share and A-share markets and relevant practices of the Company to ensure compliance with relevant requirements on information disclosure in respect of H shares and A shares, covering over 90% of the staff. At the same time, we published special issues on the analysis of typical cases of capital market violations compiled according to the categories of information disclosure violations on a regular basis, so as to strengthen information disclosure violation warnings. In 2021, we also conducted random inspection on the implementation of relevant systems and procedures of information disclosure and found no violation of the systems and procedures.

Conclusion

The Company is committed to improving its corporate governance. We believe that good corporate governance lays a solid foundation for the continuous development of the Company, and is critical to creating value for our shareholders. The Company will further reinforce the good practices in corporate governance, continuously monitor the changes in relevant regulatory requirements, actively receive the opinions and recommendations from the investors and constantly optimize the corporate governance system, thereby providing powerful support to the long-term and sustainable development of the Company.

Directors' Report

Operations

Major operations: We build, operate and manage NPPs, sell electricity generated by these stations, and organize and develop the design and R&D of NPPs.

Financial Statements

For the Group's financial statements for the financial year ended December 31, 2021, please refer to page 170 to 314.

Five-Year Financial Highlights

The summary of operating results and financial information of the Group in the previous five financial years are set out in the "Financial Highlights" of this Annual Report on page 4. 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 Income Statement" on page 174.

Details of dividend payments and policy are set out in the "Shareholder Value" in this Annual Report on page 17.

Business Review and Performance

For the analysis of business performance and its impact factors in 2021, please refer to the "Finance, Assets and Investment" from page 22 to 27 and the "Business Performance and Outlook" from page 30 to 43.

For the major risks and uncertain factors faced by the Group, please refer to the "Risk Management Report" of this Annual Report from page 155 to 163.

The business outlook of the Group is discussed in different parts of this Annual Report, including the "Chairman's Statement" from page 8 to 11, the "President's Review" from page 12 to 16, the "Business Performance and Outlook" from page 30 to 43, and the "Risk Management Report" from page 155 to 163.

The relationships between the Group and its connected persons of major business are set out in the "Directors' Report" of "Corporate Governance" of this Annual Report from page 122 to 140.

Moreover, environment-related performance and policy of the Group are set out in the part of “Environment Capital” of this Annual Report. Charity-related performance and policy 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 material impact on the Group is set out in the “Business Performance and Analysis” from page 30 to 43, the “Corporate Governance Report” from page 87 to 121, and the “Supervisory Committee Report” from page 150 to 154.

Save as disclosed in “Events after the Reporting Period” on page 132, there is no event that had a significant impact on the Group’s operation, financial and trading prospects from January 1, 2022 to the date of this Annual Report.

The above discussions form part of the Directors’ Report.

Assets

Fixed Assets and Construction in Progress

Additions to fixed assets and construction in progress of the Group for the year amounted to a total of approximately RMB11,097.9 million. In 2020, a total amount of approximately RMB10,857.0 million was added to fixed assets and construction in progress. Details of changes in fixed assets and construction in progress of the Group are set out in Note (V)13 and 14 to the Financial Statements.

Bank Borrowings and Other Borrowings

The total borrowings of the Group as of December 31, 2021 amounted to approximately RMB205,468.4 million (2020: approximately RMB207,445.4 million). Details of borrowings are set out in Note (V)22, 29, 30 and 31 to the Financial Statements.

Finance Costs Capitalized

Finance costs amounting to approximately RMB1,724.7 million (2020: approximately RMB1,449.1 million) were capitalized by the Group during the year, the details are as set out in Note (V)50 to the Financial Statements.

Major Subsidiaries

For the details of the Company’s major subsidiaries, please refer to Note (VII) 1 to the Financial Statements and the “Business at a glance for the year” on page 4 of this Annual Report.

Directors' Report

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.

On December 10, 2014, the Company completed the initial public offering ("IPO"). The registered share capital of the Company was RMB45,448,750,000, being made up of 34,285,125,000 Domestic Shares and 11,163,625,000 H Shares.

On August 26, 2019, the Company completed the A Share IPO. The registered share capital of the Company increased to RMB50,498,611,100, being made up of 11,163,625,000 H Shares, 34,285,125,000 A Shares converted from original Domestic Shares and 5,049,861,100 newly issued A Shares.

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

During the year ended December 31, 2021, 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, 2021, 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, 2020 | Increase/ (decrease) due to changes during the reporting period | December 31, 2021 |
|-----------------------|----------------------|--|----------------------|
| A Shares | 39,334,986,100 | 0 | 39,334,986,100 |
| H Shares | 11,163,625,000 | 0 | 11,163,625,000 |
| Total number (Shares) | 50,498,611,100 | 0 | 50,498,611,100 |

Corporate Governance

The Company's corporate governance principles and practices are set out in the "Corporate Governance Report" of this Annual Report on page 87.

Particulars of Board Meetings

The details of 2021 Board meetings of the Company are set out in "Particulars of Board Meetings" on page 109 of this Annual Report.

Directors

On February 25, 2021, Mr. Wang Wei resigned from his position as non-executive Director of the third section of the Board of the Company due to work reasons. On May 26, 2021, Mr. Li Mingliang was elected as non-executive Director of the third session of the Board of the Company, and Mr. Tang Chi Cheung as independent non-executive Director of the third session of the Board of the Company, at the 2020 AGM. On September 9, 2021, Mr. Li Mingliang resigned from his position as non-executive Director of the third section of the Board of the Company due to work reasons. On October 27, 2021, Mr. Wang Hongjun was elected as non-executive Director of the third session of the Board of the Company at the 2021 First EGM.

The biographical details of current Directors are set out in "Board of Directors, Supervisors and Senior Management" on page 80 of this Annual Report. Details of Directors' remuneration are set out in "Remuneration Committee Report" of this Annual Report on page 143 and Note (X)5(5) to the Financial Statements.

Supervisors

The biographical details of the current supervisors are set out in "Board of Directors, Supervisory Committee and Senior Management" on page 80 of this Annual Report. Details of Supervisors' remuneration are set out in "Remuneration Committee Report" of this Annual Report on page 143 and Note (X)5(5) to the Financial Statements.

Senior Management

On April 14, 2021, Mr. Chen Yingjian and Mr. Jiang Dajin were re-appointed as the vice presidents of the Company and Mr. Qin Yuxin was appointed as the vice president of the Company at the sixth meeting of the third session of the Board of the Company.

The biographical details of the current senior management are set out in "Board of Directors, Supervisory Committee and Senior Management" on page 80 of this Annual Report. Details of the remuneration of senior management are set out in the "Remuneration Committee Report" of this Annual Report on page 143 and Note (X)5(5) to the Financial Statements.

Directors' Report

Interests

Interests of Directors, Supervisors and Chief Executive Officers

Pursuant to 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, 2021.

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 or the record in the register required to be kept pursuant to Section 336 of the 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 at December 31, 2021 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, 2021:

| Shareholders | Capacity as holder of shares | Number and Class of the Shares held in the Company | Approximate % of the Relevant Shares Classes | Approximate % of the Total Issued Shares of the Company |
|--------------------------------------|------------------------------------|--|--|---|
| CGNPC | Beneficial owner | 29,176,641,375 (A Shares) | 74.17% | 57.78% |
| | | 528,302,000 ^(Note) (H Shares) | 4.73% | 1.04% |
| Hengjian Investment | Beneficial owner | 3,428,512,500 (A Shares) | 8.72% | 6.79% |
| China Life Insurance Company Limited | Beneficial owner | 1,452,114,000 (H Shares) | 13.01% | 2.88% |
| BlackRock, Inc. | Interest of controlled corporation | 576,836,440 (H Shares) | 5.17% | 1.14% |

Note: Among which including 10,000,000 H shares held by CGNPC through one of its wholly-owned subsidiaries.

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

The Company had been notified of the following shareholders' holding short positions in the shares of the Company as of December 31, 2021:

| Shareholders | Capacity as holder of shares | Number and Class of the Shares held in the Company | Approximate % of the Relevant Shares Classes | Approximate % of the Total Issued Shares of the Company |
|-----------------|------------------------------------|--|--|---|
| BlackRock, Inc. | Interest of controlled corporation | 3,632,000 ^(Note) (H Shares) | 0.03% | 0.01% |

Note: Among which including 411,000 H shares held in equity derivatives.

Interests of Other Persons

As of December 31, 2021, 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 with Controlling Shareholder

Save as disclosed in the section headed "Connected Transactions" of this Annual Report on page 132, none of the Company or any of its subsidiaries entered into material contracts with the controlling shareholder or any of its subsidiaries other than the Group, nor was there any material contract between the Group and the controlling shareholder or any of its subsidiaries other than the Group in relation to provision of services.

Controlling Shareholder's Interests in Material Contracts

The details of material contracts entered into between the Company and the controlling shareholder or its subsidiaries have been disclosed in "Connected Transactions" in this Annual Report on page 132.

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

For the year ended December 31, 2021, none of the Company or any of its 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' Report

Directors' Interests in Competing Businesses

For the year ended December 31, 2021, 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 |
|------------------|--|---------------------------------------|
| Yang Changli | Chairman of the Board and non-executive Director | Chairman of CGNPC |
| Gao Ligang | Executive Director and president | Director and general manager of CGNPC |
| Shi Bing | Non-executive Director | Chairman and general manager of CGNPC |

Controlling Shareholder's Non-competition Undertakings

CGNPC, the controlling shareholder of the Company, has undertaken 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 during the agreed restricted period.

On the basis of the undertaking of the controlling shareholder to avoid horizontal competition in the Company's A Share IPO, i.e. CGNPC will comply with the deed of non-competition and China General Nuclear Power Corporation's Undertaking to Avoid Horizontal Competition (this "Letter of Undertaking"), to further avoid horizontal competition with the issuer, China General Nuclear Power Corporation's Letter of Undertaking on Further Avoiding Horizontal Competition was issued, which further confirmed, undertook and guaranteed that:

- 1 CGN Power is the sole platform for final integration of nuclear power generation business of CGNPC.
- 2 If CGNPC acquires a business opportunity for new development or acquisition of nuclear power projects in the PRC, it will procure that such business opportunity is provided to CGN Power in priority, subject to applicable laws and regulations and the national requirements such as those in relation to qualification of major developer. If CGN Power waives or does not explicitly accept such business opportunity within a reasonable period of time, CGNPC may engage in such business opportunity on terms and conditions no less favourable than those provided to CGN Power.

3 Regarding the domestic retained business owned by CGNPC on the date of this Letter of Undertaking, taking into account the special nature of the nuclear power industry, CGNPC undertakes that it will invest in CGN Power in accordance with legal procedures no later than five years after the official commencement of construction of the nuclear power project (i.e. FCD), when such assets meet the requirements for investing in a listed company or when agreeing with CGN Power. Requirements for investing in a listed company include: (1) assets and equity are with clear titles; (2) there was no major administrative penalty in the past 36 months; (3) preservation and appreciation of state-owned assets; and (4) there are no other circumstances that are detrimental to the issuer's continued stable development or to the interests of the issuer and its minority shareholders. When such assets are invested in a listed company, the valuation will be based on the results of asset appraisals filed with relevant authorities or valuation methods that meet the requirements of laws and regulations and relevant authorities, while fully taking into account the interests of the minority shareholders.

4 In the process of transferring the retained business, CGNPC undertakes that the issuer is entitled to the right of first refusal and acquisition option for the retained business proposed to be disposed by CGNPC. Subject to the applicable laws and regulations, CGN Power has the right to acquire any equity, assets and other interests in the retained business and/or competitive business from CGNPC at one time or multiple times at any time, or CGN Power may, in ways as permitted by applicable laws and regulations, choose (including but not limited to) to entrust, lease or contract to operate the assets or business of CGNPC in such retained business and/or competitive business.

5 CGNPC undertakes that, if CGNPC violates this undertaking and causes CGN Power to suffer any loss from the effective date of this Letter of Undertaking, CGNPC shall bear the liability of compensation.

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 132 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, under which the Company is required to issue new shares to its existing shareholders on a pro rata basis.

Distributable Reserves

As of December 31, 2021, our reserves available for distribution to our equity holders amounted to approximately RMB18,137.04 million (representing retained earnings of the parent company of approximately RMB18,137.04 million).

Management Contracts

For the year ended December 31, 2021, 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 substantial part of the business of the Company and no such contract existed.

Directors' Report

Major Customers and Suppliers

Major Customers

Most of our revenue comes from the sales of electricity generated by NPPs in which we have controlling interest. During the year, our total sales to the top five customers accounted for 98.24% of the Group's total revenue. Below is the information of the top five customers in descending order:

- 1 China Southern Power Grid Company Limited ("CSG") (representing 52.81% of our total revenue): The Group did not hold any interest in this company. CSG is a company under the SASAC. 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, the Group sold the electricity generated by the NPPs in Daya Bay, Ling'ao, Lingdong, Yangjiang, Taishan and Fangchenggang to Guangdong Power Grid Co., Ltd. and Guangxi Power Grid Co., Ltd. under the CSG.
- 2 CGNPC (representing 23.72% of our total revenue): CGNPC, the controlling shareholder of the Company, is a large-scale power group engaging in the production and supply of nuclear power-based electricity, and provision of related professional technical services. The Group mainly offers engineering services, technical support and maintenance services and general services to CGN Group.
- 3 Fujian Electric Power Co., Ltd. (國網福建省電力有限公司) (representing 12.32% of our total revenue): The Group did not hold any interest in this company. Fujian Electric Power Co., Ltd. is a company under the State Grid Corporation of China. It is engaged in operation of relevant power transmission and distribution, power dispatch control, operation and maintenance of the power grid. Under a long-term agreement, the Group sold the electricity generated by Ningde NPP to Fujian Electric Power Co., Ltd.
- 4 HKNIC (representing 6.68% of our total revenue): This company is a subsidiary of CLP Holdings Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 0002), "CLP Holdings"), holding a 25% equity interest in Guangdong Nuclear Power Joint Venture Co., Ltd. It is a connected person of the Group. Under a long-term agreement, the Group sold some of the electricity generated by the Daya Bay NPP to HKNIC.
- 5 Hongyanhe Nuclear (representing 2.71% of our total revenue): Hongyanhe Nuclear is an associate of the Group, and is responsible for the investment, construction and operation of Hongyanhe NPP. The Group offer engineering services, technical support and maintenance services and general services to Hongyanhe 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 46.41% of the Group's total annual procurement. Below is the information of the top five suppliers in descending order:

- 1 CGNPC (representing 17.56% of the Group's total procurement): CGNPC, the controlling shareholder of the Company, is a large-scale power group engaging in the production and supply of nuclear power-based electricity, and provision of related professional technical services. We mainly purchase nuclear fuel supplies and services, general services and technical support and maintenance services from CGN Group.
- 2 China National Nuclear Corporation ("CNNC") (representing 10.24% of the Group's total procurement): The Group did not hold any interest in this company. CNNC mainly engages in nuclear power, nuclear fuel cycle, nuclear technology application, nuclear environmental engineering and other fields of power production and supply, scientific and technology R&D, engineering construction and provision of related professional technical services and other businesses. We mainly purchase nuclear island construction, processing service of nuclear fuel components and unit maintenance services from CNNC.
- 3 Mingyang Smart Energy Group Limited (明陽智慧能源集團股份公司) ("Mingyang Smart Energy") (representing 8.64% of the Group's total procurement): The Group did not hold any interest in this company. Mingyang Smart Energy mainly provides new energy equipment and technical support. As CGN Engineering undertakes CGNPN's wind power business, we purchased equipment for wind power generation unit from Mingyang Smart Energy.
- 4 China Communications Construction Group Corporation Limited (中國交通建設集團有限公司) ("CCCC") (representing 5.24% of the Group's total procurement): The Group did not hold any interest in this company. CCCI mainly engages in the investment, construction and operation of transportation infrastructure, equipment manufacturing, real estate and comprehensive urban development. As CGN Engineering undertakes CGNPN's wind power business, we purchased wind turbine foundation construction and installation services from CCCI.
- 5 China State Construction Engineering Corporation Ltd. ("CSCEC") (representing 4.74% of the Group's total procurement): The Group did not hold any interest in this company. CSCEC mainly offers construction and installation services for enterprises. We mainly purchase regular islands construction and installation services from CSCEC and its subsidiaries.

Save as disclosed above, during the year, to the knowledge of Directors, 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.

Directors' Report

We upheld the concept of mutual benefit and win-win cooperation, and maintained continuous and close relationship with our stakeholders including customers and suppliers. We adhered to the principles of openness, fairness, justice and compliance, so we continued to establish a comprehensive tender system and supplier management system, and improved the quality management of upstream and downstream in the industrial chain. Through constructive communication, we endeavored to balance the opinions and interests of the stakeholders, thereby setting the long-term development direction for the Company and the regions where our business operates. Please refer to the 2021 ESG Report issued by the Company for more information.

Exchange Rate

For the year ended December 31, 2021, 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 headed "Financial Capital" on page 65 in this Annual Report.

Events after the Reporting Period

From January 1, 2022 to the date of this report, there was no event that occurred to have a significant impact on the operation, financial or business prospects of the Group.

Connected Transactions

In 2021, 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 continuing connected transaction agreements with connected persons, which constitute major connected transactions of the Group in 2021, 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.

Continuing Connected Transactions

Due to the fact that: (1) CGNPC owns a 58.82% equity interest in the Group; and (2) HKNIC, a wholly-owned subsidiary of CLP Holdings Ltd., CLP Nuclear Power Operations & Management (China) Limited (中電核電運營管理(中國)有限公司), and CLP Nuclear Power (Yangjiang) Limited hold a 25% equity interest in Guangdong Nuclear Power Joint Venture Co., Ltd. (廣東核電合營有限公司) (a subsidiary indirectly owned as to 75% by the Company), 12.5% equity interest in DNMC (a subsidiary indirectly owned as to 87.5% by the Company), and 17% equity interest in Yangjiang Nuclear (a subsidiary directly and indirectly owned as to 61.1% by the Company), respectively; under Rules 14A.07 (1) and (4) of the Listing Rules, CGNPC and its associates, and CLP Holdings Ltd. and its associates are our connected persons.

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. The continuing connected transactions carried out in 2021 are as follows:

| Nature of Transaction | Annual Cap for 2021 (RMB million) | Actual Transaction Amount for 2021 (RMB million) |
|---|---|--|
| General Services Framework Agreement ⁽¹⁾ | | |
| Payment to the CGN Group | 1,840.12 | 1,423.82 |
| Receipt from the CGN Group | 438.34 | 195.86 |
| Technical Support and Maintenance Services Framework Agreement ⁽²⁾ | | |
| Payment to the CGN Group | 1,065.08 | 796.88 |
| Receipt from the CGN Group | 144.69 | 133.94 |
| Engineering Services Framework Agreement ⁽³⁾ | | |
| Receipt from the CGN Group | 21,752.15 | 19,011.91 |
| Financial Services Framework Agreement ⁽⁴⁾ | | |
| Payment to the CGN Group in relation to settlement, entrustment loans and other financial services | 31.00 | 6.05 |
| Maximum daily balance of deposits placed by our Group with the CGN Group and interest income | 33,750.00 | 19,060.53 |
| Maximum daily balance of loans provided by the CGN Group to our Group | 41,130.00 | 24,586.29 |
| Financial Services Framework Agreement ⁽⁵⁾ | | |
| Payment to the CGN Group in relation to settlement, entrustment loans and other financial services | 3.00 | 1.04 |
| Maximum daily balance of deposits placed by our Group with the CGN Group and interest income | 27,500.00 | 16,000.36 |
| Maximum daily balance of loans provided by the CGN Group to our Group | 32,500.00 | 24,181.07 |
| Supplemental Agreement to the Nuclear Fuel Supply and Services Framework Agreement ⁽⁶⁾ | | |
| Payment to the CGN Group | 8,122.98 | 6,971.00 |
| Electricity Supply Arrangement under the Joint Venture Contract ⁽⁷⁾ | | |
| Tariff on sale of electricity to HKNIC | 7,131.00 | 5,389.53 |

Directors' Report

Notes:

- (1) It was renewed on March 8, 2018 on normal commercial terms, which would be valid until December 31, 2021, pursuant to which the Group and CGN Group will provide general services to each other.
The Company and CGN renewed the General Services Framework Agreement on normal commercial terms on November 30, 2021, which would be valid until December 31, 2024, pursuant to which the Group and CGN Group will provide general services to each other.
- (2) It was renewed on March 8, 2018 on normal commercial terms, which would be valid until December 31, 2021, pursuant to which the Group and CGN Group will provide technical support and maintenance services to each other.
The Company and CGN renewed the Technical Support and Maintenance Services Framework Agreement on normal commercial terms on November 30, 2021, which would be valid until December 31, 2024, pursuant to which the Group and CGN Group will provide technical support and maintenance services to each other.
- (3) It was renewed on March 12, 2019 on normal commercial terms, which would be valid until December 31, 2022, pursuant to which the Group will provide engineering services to CGN Group.
- (4) It was renewed on March 8, 2018 on normal commercial terms, which would be valid until December 9, 2021, pursuant to which CGN Group will provide financial services to us.
- (5) It was renewed on March 18, 2021 on normal commercial terms, which would be valid until December 31, 2023, pursuant to which CGN Group will provide financial services to us.
- (6) 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 2021, the annual cap of total amount payable to the CGN Group by the Group was RMB5,253.00 millions. The annual cap was updated by the supplemental agreement to the nuclear fuel supply and services framework agreement signed in 2016. Please refer to the above table for relevant data.
- (7) It was entered into on January 18, 1985 and renewed on September 29, 2009 and would be valid until May 6, 2034, pursuant to which the Group will sell electricity to HKNIC. The Group entered into the 2018 Increased Power Purchase Agreement with HKNIC on December 28, 2018 on normal commercial terms, which would be valid until December 31, 2023, pursuant to which the Group will provide increased electricity sales services to HKNIC.

In addition to the above continuing connected transactions, our continuing connected transactions in 2021 included trademark license agreement, custodian service framework agreement and guarantee from CGNPC, which were exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company and CGNPC renewed the custodian service framework agreement on November 30, 2021, and have made a voluntary announcement.

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.

In accordance with the relevant requirements of the Hong Kong Stock Exchange and the SZSE in relation to the management of related party transactions and the experience of and feedback from the related party transaction management of the Company, we continued to improve our related party transaction management system and management procedures to standardize the pricing principles, methods, division of management responsibilities, decision-making authority and clarify information disclosure requirements for related party transactions. The internal control measures we have adopted in the course of related party transactions are as follows:

- 1 We established a related party transaction management system, and all subsidiaries shall designate personnels for related party transaction management;

- 2 The Company's audit department conducts internal audits on related party transaction management on a semi-annual basis;

- 3 We conducted regular training and communication, covering the Group's personnels for related party transaction management and key related parties of CGNPC;

- 4 We update the list of related parties at least on a semi-annual basis; and

- 5 We conduct quarterly inspections and share good internal practices.

Directors' Report

In accordance with relevant regulatory requirements, we have formulated the Management Rules on Related Party Transactions, which is applicable to all companies in the Group. The formulation and revision of these measures have been approved by the Board. The pricing principles for related party transactions are applied in the following order:

- 1 If the transaction is subject to a government-prescribed price, the price shall be directly applied;

- 2 If the transaction is subject to a government-guided price, the transaction price shall be reasonably determined within the range of the government-guided price;

- 3 In addition to the adoption of government-prescribed prices or government-guided prices, if the transaction has a comparable market price or charging standard of an independent third party, the transaction price shall be determined with priority reference to such price or standard;

- 4 If there is no comparable independent third-party market price for related matters, the transaction price shall be determined with reference to the transaction price between the seller and the third party independent of the transaction parties; and

- 5 If there is neither the market price of an independent third party nor the independent non-related transaction price for reference, a reasonable price shall be used as the basis for pricing, and such price shall be reasonable costs plus reasonable profits.

The connected transactions of the Group strictly adhere to the above pricing principles. For specific framework agreements and/or contracts, one or more pricing principles shall be applied in sequence according to the specific circumstances. For example, the application of the above pricing principles for the continuing connected transactions, namely the 2022 to 2024 General Services Framework Agreement and 2022 to 2024 Technical Support and Maintenance Services Framework Agreement, of the Company as approved by the Board on November 30, 2021 is as follows. The specific application of the pricing principles of the Company's other connected transaction framework agreements and/or contracts will be announced and disclosed when such framework agreements and/or contracts are signed or renewed at an appropriate time.

- 1 2022 to 2024 General Services Framework Agreement
 - i. Government-prescribed price and government-guided price: if at any time, the government-prescribed price is applicable to any particular type of products or services, such product or service shall be supplied at the applicable government-prescribed price. Where a government-guided fee standard is available, the price shall be agreed by reference to the government-guided price;

Such pricing principle is mainly applicable to greening services and office support services. In particular, the relevant government-prescribed prices and government-guided prices of greening services mainly refer to the estimate norm standards for construction and installation projects as announced by the governments of various provinces and cities from time to time, such as the Consolidated Estimate Norm for Landscaping Projects in Guangdong Province 《廣東省園林綠化工程綜合定額》, the Consolidated Estimate Norm for Construction and Decoration Projects in Guangdong Province 《廣東省建築與裝飾工程綜合定額》 and the Consolidated Estimate Norm for Municipal Projects in Guangdong Province 《廣東省市政工程綜合定額》 issued by the Department of Housing and Urban-Rural Development of Guangdong Province on its website from time to time. The relevant government-prescribed prices and government-guided prices of office support services mainly refer to the guided prices on labor costs as announced by the governments of various provinces and cities every year, such as the Guided Salary Level on the Human Resources Market and the Industry Labor Cost Information of Guangdong Province 《廣東省人力資源市場工資指導價位及行業人工成本信息》 issued by the Human Resources and Social Security Department of Guangdong Province on its website every year.

- ii. Market price: the price of the same or similar products or services provided by an Independent Third Party during the ordinary course of business on normal commercial terms;

Such pricing principle is mainly applicable to catering services, property management services, transportation services, public procurement services, accommodation and meeting reception services, electromechanical and water maintenance, and property leasing services, which should be the price at which services are obtained in the market through public bidding, or the market price of an independent third party in a bidding which involves multiple companies, or the price at which the counterparty provides similar services to an independent third party, with reference to the requirements of the Regulation on the Implementation of the Bidding Law of the People's Republic of China 《中華人民共和國招標投標法實施條例》. In particular, the Company conducts public bidding by issuing tender invitations to all unspecified bidders. The number of bidders is affected by the nature of the tender. For the aforesaid services, there are usually more than three bidders; however, the Company will also invite specific bidders to participate in tenders. According to the Company's procurement procedures, the number of bidders invited must be three or more. When referring to the price of the counterparty providing similar services to independent third parties, the Company generally refers to at least two contracts in order to obtain comparable market prices from independent third parties.

- iii. Agreed price: the price to be determined by adding a reasonable profit over a reasonable cost;

Such pricing principle is not much applied, and is applied to logistics services, information technology services, services to dispose of administrative supplies and other general services to a small extent. The costs of these services mainly include (i) the cost of purchasing services in the market or the service costs listed in the internal pricing standards applicable to CGN Group and the Group; and (ii) the labor costs and travelling expenses incurred by the Group in the management of the relevant services (as determined in accordance with the labor costs and travelling standards of the Group). The profit margins for these services are determined based on the historical costs and benefits incurred by CGN Group and each of the Group's subsidiaries in the related service projects. Based on historical transactions, the profit margins for these services are generally at around 10%.

Directors' Report

2 2022 to 2024 Technical Support and Maintenance Services Framework Agreement

- i. Government-prescribed price and government-guided price: if at any time, the government-prescribed price is applicable to any particular type of products or services, such product or service shall be supplied at the applicable government-prescribed price. Where a government-guided fee standard is available, the price shall be agreed by reference to the government-guided price;

There are currently no applicable government-prescribed prices and government-guided prices, but the Company will continue to closely monitor the update of relevant government-prescribed prices and government-guided prices on the websites of the relevant government departments and adopt any applicable government-prescribed prices and government-guided (if any) in the future;

- ii. Market price: the price of the same or similar products or services provided by an Independent Third Party during the ordinary course of business on normal commercial terms;

Such pricing principle is mainly applicable to maintenance services and technical studies and expert support services, which should be the price at which services are obtained in the market through public bidding, or the market price of an independent third party in a bidding which involves multiple companies, or the price at which the counterparty provides similar services to an independent third party, with reference to the requirements of the Regulation on the Implementation of the Bidding Law of the People's Republic of China 《中華人民共和國招標投標法實施條例》. In particular, the Company conducts public bidding by issuing tender invitations to all unspecified bidders. The number of bidders is affected by the nature of the tender. For the aforesaid services, there are usually more than three bidders; however, the Company will also invite specific bidders to participate in tenders. According to the Company's procurement procedures, the number of bidders invited must be three or more. When referring to the price of the counterparty providing similar services to independent third parties, the Company generally refers to at least two contracts in order to obtain comparable market prices from independent third parties.

- iii. Agreed price: the price to be determined by adding a reasonable profit over a reasonable cost;

Such pricing principle is mainly applicable to spare parts services, production training services, technical studies and expert support services and other technical services. The costs of these services mainly include (i) the cost of purchasing spare parts and services from original equipment suppliers due to technological monopoly; (ii) the cost of purchasing services in the market or the service costs listed in the internal pricing standards applicable to CGN Group and the Group; and (iii) the labor costs and travelling expenses incurred by the Group in the management of the relevant services (as determined in accordance with the labor costs and travelling standards of the Group). The profit margins for these services are determined based on the historical costs and benefits incurred by CGN Group and each of the Group's subsidiaries in the related service projects. Based on historical transactions, the profit margins for these services are generally at around 10%.

In 2021, we strictly complied with the related party transaction management system and procedures to ensure effective implementation of the internal control measures and the related party transactions conducted are in compliance with the requirements of relevant laws and regulations.

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

- ④ the transactions were entered into in the ordinary and usual course of business of the Company;
- ④ the transactions were carried out on normal commercial terms or more favorable terms;
- ④ 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; and
- ④ the Company has formulated appropriate and effective internal control procedures with sound operation.

We have also engaged an external auditor 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 auditor has issued an unqualified letter in respect of the aforesaid continuing connected transactions in accordance with Rule 56 of Chapter 14A under the Listing Rules and reported 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:

- ④ nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;
- ④ for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- ④ nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant framework agreements governing such transactions; and
- ④ with respect to the aggregate amount of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

The Company has complied with the disclosure requirements under the Listing Rules of the places where the shares of the Company are listed.

Related Party Transactions

Details of the significant related party transactions carried out in the normal course of business are set out in Note (X) to the 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.

Directors' Report

Permitted Indemnity Provisions

At no time during the year ended December 31, 2021 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 other parties) or any of those of an associated company (if made by the Company).

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

Auditor

The consolidated financial statements for the year have been audited by KPMG Huazhen LLP, its term of appointment shall expire on the date of the AGM of the Company.

Remuneration Policy

For details of the Company's remuneration policy, please refer to the section headed "Human Capital" on page 54 and the section headed "Remuneration Committee Report" on page 143.

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 (X)5(5) to the Financial Statements.

Employee Retirement Benefits

For details of the Company's employee retirement benefits, please refer to the section headed "Remuneration Committee Report" on page 143.

Charitable Donations

For the year ended December 31, 2021, the Group adhered to the national planning on strengthening and amplifying the outcomes of poverty alleviation and full implementation of rural revitalization, and make active efforts in poverty alleviation to fulfill its social responsibilities. In 2021, the Group incurred a total of RMB30.4 million for rural revitalization and other donations.

The Board of Directors
March 17, 2022

Audit and Risk Management Committee Report

Composition and Duties

The members of the Audit and Risk Management Committee are appointed by the Board, and it comprises three members, namely Yang Jiayi (楊家義) (the chairman of the Audit and Risk Management Committee and an independent non-executive Director), Tang Chi Cheung (鄧志祥) (an independent non-executive Director) and Gu Jian (顧健) (a non-executive Director). The details of their personal particulars are set out in the “Board of Directors, Supervisory Committee and Senior Management” on page 81 to 83 of this Annual Report.

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 Audit and Risk Management Committee shall be responsible for examining the regular financial statements of the Company, the appointment of independent auditors, audit fees and other matters. The terms of reference are detailed in the Terms of Reference for the Audit and Risk Management Committee under the Board of Directors of CGN Power Co., Ltd. and are available on the websites of the Company and the Hong Kong Stock Exchange. For details, please refer to the “Corporate Governance Report” on page 105 to 106 of this Annual Report.

Meetings of the Audit and Risk Management Committee shall be held on a regular basis per year or an extraordinary meeting shall be convened when necessary. The meetings shall discuss financial report, internal audit work plan and internal control and risk management related issues, and listen to working reports from the Company’s management, review the Company’s regular 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.

Annual Work Summary

In 2021, the Audit and Risk Management Committee paid full attention to the Company’s development, innovated working methods, and earnestly perform their duties in accordance with the national policies and regulations and the annual work plan of the Board. With the support from the Board and the cooperation of the relevant departments of the Company, they also advised on the Company’s management and operation based on the key focuses of the Company, enabling the Company to enhance the level of internal control and strengthen risk prevention and control capabilities, and thus exercised the functions as a special committee effectively.

Audit and Risk Management Committee Report

In 2021, the Audit and Risk Management Committee convened five meetings to consider and review 29 resolutions. All members expressed independent opinions, which were reported to the Board by the chairman of the committee. The Audit and Risk Management Committee considered resolutions in relation to the interim and annual financial reports, quarterly reports and the appointment of audit firms of the Company for 2021, as well as the relevant resolutions in relation to the internal control and risk management, including the internal control assessment report and risk management assessment report of the Company for the year 2020, and the internal control assessment plan and risk management assessment plan for the year 2021. The committee also considered the resolutions in relation to the annual plans concerning the relevant work such as the 2021 internal audit plan of the Company and working plan of the committee so as to make reasonable arrangement for the relevant audit and the work of the committee.

All members actively performed the duties of the Audit and Risk Management Committee, reviewed and considered each and every resolution, made recommendations and requested relevant departments to implement them; provided advice on the appointment, reappointment and remuneration of the external auditors of the Company, and regularly communicated with the external auditors on audit plans and financial reports; oversaw the effective implementation of internal control and self-evaluation of internal control; monitored the preparation process of regular financial reports and reviewed the information related to regular financial reports and financial results announcements; understood the work status of the internal audit department and regularly listened to and formulated internal audit work, etc.

Audit and Risk Management Committee

March 17, 2022

Remuneration Committee Report

Composition and Duties

The members of the Remuneration Committee are appointed by the Board, and it comprises three members, namely Xia Ceming (夏策明) (the chairman of the Remuneration Committee and an independent non-executive Director), Yang Jiayi (楊家義) (an independent non-executive Director) and Wang Hongjun (王紅軍) (a non-executive Director). The details of their personal particulars are set out in the “Board of Directors, Supervisory Committee and Senior Management” on page 81 to 82 of this Annual Report.

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 Remuneration Committee shall be mainly responsible for making recommendations on the remuneration of the Directors, Supervisors and senior management of the Company and other matters. The terms of reference are detailed in Terms of Reference for the Remuneration Committee under the Board of Directors of CGN Power Co., Ltd. and available on the websites of the Company and the Hong Kong Stock Exchange. For details, please refer to the “Corporate Governance Report” on page 107 of this Annual Report.

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, review the report of the Remuneration Committee as well as formulate the remuneration allocation plan and methods, etc. The Remuneration Committee may, if needed, engage professionals and listen to expert advice from professional institutions before making decisions and recommendations to the Board.

Annual Work Summary

In 2021, the Remuneration Committee convened six meetings to consider ten resolutions. Independent opinions were expressed at each committee meeting, which were reported to the Board by the chairman of the committee. The committee considered the adjustment to the second exercise plan and price of the second issue of the H-share appreciation rights incentive scheme of the Company, monitored and assessed the performance of executive Directors, had discussions on the assessment criteria of the senior management, and reviewed and evaluated their work, pursuant to which the committee also discussed the remuneration of executive Directors and senior management and made recommendation to the Board. In 2021, the Remuneration Committee also formulated performance appraisal measures for senior management to further regulate the performance appraisal and performance evaluation of the senior management of the Company.

Remuneration for Directors, Supervisors and Senior Management

The remuneration for the Directors appointed by the controlling shareholder and the participating shareholders of the Company shall be paid by the company they work for. The remuneration for the independent non-executive Directors appointed by the Company is determined according to relevant requirements, and with reference to the appointments held by the Director in the Board Committees.

Remuneration Committee Report

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

The remuneration for the non-employee representative Supervisors appointed by the controlling shareholder and the participating shareholders of the Company shall be paid by the company they work for. The remuneration for employee representative Supervisors 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.

The sum of remunerations for Directors, Supervisors and senior management in 2021 are set out below. For details of the remuneration for Directors, Supervisors and senior management and the details of the remunerations for the five individuals with the highest remuneration, please refer to Note (X)5(5) to the financial statements.

| | Fees RMB' 000 | Salaries, other allowances and discretionary bonus RMB' 000 | Pension scheme* contributions RMB' 000 | Total RMB' 000 |
|-------------------|------------------|--|---|-------------------|
| Directors | 220 | 2,430 | 230 | 2,880 |
| Supervisors | – | 2,527 | 213 | 2,740 |
| Senior management | – | 6,797 | 466 | 7,263 |

* Pension scheme: The Group contributes a certain proportion of the salaries of all the staff for their basic pension insurance according to the national and local regulations on pensions, and the staff will collect their pension according to the local policies upon retirement. In addition, the Company has also launched a corporate pension plan. According to the plan, the Company will contribute an amount not exceeding 5% of the individually 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 each month upon retirement. Other than this, the Company has no more responsibilities for the pension scheme of the staff.

Remuneration Committee

March 17, 2022

Nomination Committee Report

Composition and Duties

The members of the Nomination Committee are appointed by the Board, and it comprises three members, namely Li Fuyou (李馥友) (the chairman of the Nomination Committee and an independent non-executive Director), Yang Changli (楊長利) (Chairman and non-executive Director) and Xia Ceming (夏策明) (an independent non-executive Director). Their personal particulars are set out in the “Board of Directors, Supervisory Committee and Senior Management” on page 80 to 82 of this Annual Report.

The Board has delegated to the Nomination 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 Nomination Committee shall be responsible for reviewing the structure of the Board on a regular basis, making recommendations on the members of the Board and senior management officers, verifying the independence of independent non-executive Directors and other matters. The terms of reference are detailed in the Terms of Reference for the Nomination Committee and are available on the websites of the Company and the Hong Kong Stock Exchange. For details, please refer to the “Corporate Governance Report” on page 108 of this Annual Report.

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

Annual Work Summary

Particulars of meetings

In 2021, the Nomination Committee convened four meetings to consider five resolutions, which mainly included the nomination of Director candidates, the review of the qualifications for senior management candidates and the amendments to the Terms of Reference for the Nomination Committee. Three resolutions were reviewed, which mainly included the annual report of the Nomination Committee, the independence of independent Directors and the structure and composition of the Board. Opinions were expressed by each committee member, which were reported to the Board by the chairman on behalf of the committee.

Nomination Committee Report

Review of the structure and composition of the Board

The Nomination Committee reviewed the structure and composition of the Board in accordance with the Board Diversity Policy of CGN Power Co., Ltd. and confirmed the independence of independent Directors. The Nomination Committee considered that: the Board has a reasonable structure, the skills, knowledge, experience and diversity of Directors meet the governance requirements, and all independent non-executive Directors are able to express independent opinions on appointment of Directors, execution of the non-competition deeds and connected transactions and other matters; the independent non-executive Directors have confirmed their independence by signing the independence confirmation letters, and the Company has yet to receive any personal information feedback from the independent non-executive Directors which will affect their independence.

Nomination of Director candidates

The Nomination Committee considered the qualifications for the Director candidates including Mr. Li Mingliang, Mr. Wang Hongjun and Mr. Tang Chi Cheung in terms of education background, skills, experience, expertise and work experience in accordance with the Company Law of the PRC, the Articles of Association, the Director Nomination Policy of CGN Power Co., Ltd., the Board Diversity Policy of CGN Power Co., Ltd. and other requirements, and reported to the Board on its review opinions that approved the qualifications of the Director candidates nominated.

Amendments to the Terms of Reference for the Nomination Committee

According to the Code of Corporate Governance of Listed Companies (2018 Revision) of the CSRC, the Guidelines on the Standardized Operation of Companies Listed on the Shenzhen Stock Exchange (Revised in 2020) and the actual situation of the Company, the Nomination Committee considered and approved the amendments to the Terms of Reference for the Nomination Committee, which was approved at the eighth meeting of the third session of the Board.

Review of the qualifications of senior management candidates

The Nomination Committee conducted qualifications review on the newly appointed and re-appointed vice president candidates including Mr. Jiang Dajin, Mr. Chen Yingjian and Mr. Qin Yuxin, and reported to the Board on its review opinions that approved the qualifications of the vice president candidates nominated.

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. The policy is available on the Company's website.

Pursuant to the Board Diversity Policy of CGN Power Co., Ltd., the Company formulated the assessment indicators for reviewing the structure and composition of the Board, including age, gender and profession. The relevant indicators complied with the Listing Rules and the Board Diversity Policy of the Company.

Director Nomination Policy

The Board has approved the Director Nomination Policy of CGN Power Co., Ltd. 《中國廣核電力股份有限公司董事提名政策》 at the eighth meeting of the second session of the Board on November 14, 2018, setting forth (1) the responsibility of director selection; (2) the nomination body for directors; (3) the nomination procedure for directors; (4) the qualifications of independent non-executive Directors; and (5) the resignation and term of office of directors, the re-election and selection of new session of the Board, and other matters.

The policy is available on the Company's website.

Nomination Committee

March 17, 2022

Nuclear Safety Committee Report

Composition and Duties

The members of the Nuclear Safety Committee are appointed by the Board, and it comprises five members, namely Yang Changli (楊長利) (the chairman of the Nuclear Safety Committee, Chairman and non-executive Director), Gao Ligang (高立剛) (an executive Director), Wang Hongjun (王紅軍) (a non-executive Director), Gu Jian (顧健) (a non-executive Director) and Li Fuyou (李馥友) (an independent non-executive Director). Their biographical details are set out in the “Board of Directors, Supervisory Committee and Senior Management” on page 80 to 82 of this Annual Report.

The Board has delegated to the Nuclear Safety Committee with written terms of reference prepared according to the Articles of Association, the Company Law of the PRC, the Production Safety Law of the PRC, the Listing Rules and other related provisions. The terms of reference are detailed in the Terms of Reference for the Nuclear Safety Committee under the Board of Directors of CGN Power Co., Ltd. and are available on the websites of the Company and the Hong Kong Stock Exchange. For details, please refer to the “Corporate Governance Report” on page 108 of this Annual Report.

Meetings of the Nuclear Safety Committee shall be held at least twice a year. The meetings shall discuss the internal nuclear safety management plan of the Company and listen to working reports from the relevant departments of the Company. The Nuclear Safety Committee may, if needed, engage relevant professional institutions and listen to experts’ advice from professional institutions before making recommendations to the Board. The Nuclear Safety Committee shall perform duties as prescribed in the Articles of Association. The committee shall be responsible for receiving the report on nuclear safety of the Company and the assessment report on the Company by third party institutions and other matters.

Annual Work Summary

In 2021, the chairman and each member of the Nuclear Safety Committee conducted special inspections or on-site investigations on safety management at Daya Bay, Yangjiang, Hongyanhe, Fangchenggang, Taishan, Huizhou and Lufeng NPPs, respectively, emphasizing that the Company should always give utmost priority to safety, and adhere to the work style of “Strict Compliance, Prudent Decision-making, Detail-oriented and Fact-based Approach”, so as to ensure the safe and stable operation of all nuclear power generating units in operation and the high quality production of all nuclear power generating units under construction.

According to the Terms of Reference for the Nuclear Safety Committee under the Board of Directors of CGN Power Co., Ltd., the Nuclear Safety Committee convened two meetings to consider four resolutions, including the Company's safety management, the progress of the Company's three-year special rectification campaign for production safety, the Company's 2020 safety inspection and review, and the Company's 2021 production safety inspection and rectification. All members expressed independent opinions, which were reported to the Board by the chairman of the committee. The Nuclear Safety Committee considered that the Company shall deepen its awareness of the importance of nuclear safety, gain a more comprehensive understanding of nuclear safety from the aspects of politics, economy, technology and social security, continue to strengthen project quality control, further enhance the standardized management of personnel behaviors, eliminate falsification in the industrial chain, and continue to optimize and improve nuclear safety management.

In 2022, based on the basic principles of "Safety First, Quality Foremost, Pursuit of Excellence", the Nuclear Safety Committee will remain problem-oriented and stick to bottom-line thinking, promote improvement in safety from the perspective of culture and technological innovation, further strengthen the foundation of safety management and supervision effectiveness, and continue to promote high-quality development, so as to ensure that the operational objectives of the Company are achieved.

Nuclear Safety Committee

March 17, 2022










Supervisory Committee Report

Composition

The Company has five Supervisors, two of which are employee representative Supervisors and three are non-employee representative Supervisors. Ms. Zhu Hui (朱慧) and Mr. Wang Hongxin (王宏新) are employee representative Supervisors, while Mr. Chen Sui (陳遂) (the chairman of the Supervisory Committee), Mr. Hu Yaoqi (胡耀齊) and Mr. Zhang Baishan (張柏山) are non-employee representative Supervisors. The biographical details of the current Supervisors are set out in the “Board of Directors, Supervisory Committee and Senior Management” on page 83 to 84 of this Annual Report.

The Supervisory Committee shall convene at least two regular meetings per year, and extraordinary meetings of the Supervisory Committee shall be convened when considered necessary by the chairman of Supervisory Committee or proposed by other Supervisors. 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 the general meeting, and shall be accountable to the general meeting, in order to protect the interests of the shareholders, the Company and the legitimate interests of staff against infringements.

Duties and Responsibilities

-  To review the regular report of the Company prepared by the Board of Directors and submit review opinions in written form;
-  To review the Company's financial position;
-  To supervise Directors and senior management to ensure that they do not act in contravention of any law, administrative regulation or the Articles of Association in performing their duties, and to advise on dismissal of Directors or senior management who are in breach of laws, administrative regulations, the Articles of Association or resolutions of the general meetings;
-  To demand Directors or senior management to rectify their error if they have acted in a harmful manner to the Company's interest;
-  To check and inspect the financial information such as the financial reports, business reports and profit distribution plans to be submitted by the Board to the general meetings, and to engage, in the Company's name, certified public accountants or practicing auditors to assist in reviewing such information should any doubt arise in respect thereof;
-  To make proposals at a general meeting;
-  To propose to convene an EGM; where the Board fails to perform the duties in relation to convening or chairing a general meeting as required by the Company Law of the PRC, to convene and chair a general meeting;
-  To propose to convene an extraordinary Board meeting;
-  To represent the Company in negotiations with or in bringing actions against a Director or senior management according to Article 151 of the Company Law of the PRC;

- To investigate into any abnormalities in operation of the Company; if necessary, to engage accounting firms, law firms and other professional institutions to assist its work, and the expenses incurred shall be borne by the Company; and
- To perform other duties and powers as stipulated in the Articles of Association.

Annual Work Summary

During the reporting period, the Supervisory Committee convened five meetings. The Supervisors attended all onsite meetings of the Board, and focused on the review of the annual and interim financial reports, and profit distribution plans of the Company. All Supervisors attended all general meetings, and the Supervisor representatives supervised the voting results of the general meetings.

The meetings convened by the Supervisory Committee in 2021 are as follows:

| Number | Meeting | Date | Method of Convening | Attendance/ Number of Supervisors |
|--------|---|------------------|---------------------|-----------------------------------|
| 1 | Fourth meeting of the third session of the Supervisory Committee | January 13, 2021 | Physical | 5/5 |
| 2 | Fifth meeting of the third session of the Supervisory Committee | March 17, 2021 | Physical | 5/5 |
| 3 | Sixth meeting of the third session of the Supervisory Committee | April 22, 2021 | Physical | 5/5 |
| 4 | Seventh meeting of the third session of the Supervisory Committee | August 26, 2021 | Physical | 5/5 |
| 5 | Eighth meeting of the third session of the Supervisory Committee | October 27, 2021 | Physical | 5/5 |

Supervisory Committee Report

The Supervisory Committee reviewed matters for the Board's regular meetings, and pursuant to its responsibilities, the Supervisory Committee reviewed the following contents and expressed its opinions, and all resolutions requiring voting were passed by the Supervisory Committee by voting.

- Report of the Supervisory Committee of the Company for 2020
- Annual Report of the Company for 2020
- Annual Results Announcement of the Company for 2020
- Financial Report of the Company for 2020
- Internal Control Assessment Report of the Company for 2020
- Profit Distribution Plan of the Company for 2020
- Dividend Distribution Plan of the Company for the Coming Five Years (2021-2025)
- First Quarterly Report of the Company for 2021
- Interim Financial Report of the Company for 2021
- Interim Report of the Company for 2021
- Interim Results Announcement of the Company for 2021
- Third Quarterly Report of the Company for 2021
- Appointment of the Financial Report Auditor of the Company for the Year 2021
- Appointment of the Internal Control Auditor of the Company for the Year 2021
- Second Exercise Plan of the Second Issue of the Shares Appreciation Rights Incentive Scheme of the Company

We arrange for Supervisors to receive training on the Company's business and corporate governance and carry out relevant on-site inspections with them from time to time to enable the Supervisors to have a better understanding of our operations and business and better perform their duties as Supervisors.

In 2021, the trainings received and the inspections conducted by the Supervisors of the Company were as follows:

| Name | Position | Training received | Inspection conducted |
|---------------|--|-------------------|----------------------|
| Chen Sui | Non-employee representative Supervisor/ Chairman of the Supervisory Committee | √ | — |
| Hu Yaoqi | Non-employee representative Supervisor | √ | √ |
| Zhang Baishan | Non-employee representative Supervisor | √ | √ |
| Zhu Hui | Employee representative Supervisor | √ | — |
| Wang Hongxin | Employee representative Supervisor | √ | — |

Independent Opinions of the Board of Supervisors on the Relevant Matters

Lawful Operation

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 Company Law of the PRC, the Securities Law of the PRC, the Articles of Association and relevant regulations of the places where the shares of the Company are listed, performing their duties and responsibilities with integrity and diligence, and carefully implemented resolutions passed and mandates granted at general meetings. The 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.

Supervisory Committee Report

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.

Internal control system of the Company

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》 and Enterprises Internal Control Guidelines, 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 2021 《公司 2021 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.

Profit Distribution Plan

The Supervisory Committee reviewed the "Profit Distribution Plan for 2020" of the Company and "Dividend Distribution Plan for the Coming Five Years (2021-2025)" and considered that the above resolutions complied with relevant provisions of laws, regulations and the Articles of Association, and that the plans were in the interests of the shareholders as a whole, and were conducive to the long-term development of the Company.

The Supervisory Committee will continue to diligently and duly perform its supervisory duties in strict compliance with the Company Law of the PRC, 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

March 16, 2022

Risk Management Report

Philosophy of Risk Management

We focus on the development of strategies and objectives. We face various internal and external risks during the development of the business of the Company. We need to proactively identify and manage risks by adopting risk management strategies to mitigate, avoid, transfer or manage such risks, while at the same time enhance the effect and efficiency of operation, to create and protect the Company's values. In this respect, the Company has strived to improve its comprehensive risk management structure, strengthening the Company's ability in risk management and nurturing a sound risk management culture. Risk management is implemented throughout every aspect of business management and operational process. Every employee of the Company is a safeguard to risk management.

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 of the Company is responsible for assessing the risk 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 laws 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; material financial losses that affect the business development capacity of the Company, and/or cause serious damage to the Company's financial management capacity; occurrence of serious incidents, resulting in disruption of operation/supply; serious violations of external regulations to the extent that the Company may disrupt operations/withdraw licenses and/or be imposed with huge fines; incidents that affect the safety and the health of the employees, contractors and the public; and causing harm to the Company's reputation or brands

We set up a risk management team to assess risks and rank them in the monthly meeting, while requiring each business unit to identify the consequences and likelihood of risks, set up risk control targets, and take corresponding risk prevention strategies.

Risk Management Report

System of Risk Management



The Company's risk management system:

- ⬆ to promote full identification and delivery of risk information to support the Board's access to risk information;
- ⬆ to ensure the effective operation of the risk management system and clarify the roles and responsibilities for risk management; and
- ⬆ the following three different roles and responsibilities are included.

Decision making and monitoring - The 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 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; and
- ⬆ To study the important findings of risk management and internal control matters and the relevant measures taken by the management.

Setting goals and solutions – Management of the Company

The President

- To continuously improve the risk management system;
- To understand and know the significant risks which the Company faces and their current state, and to approve major risk management solutions of the Company; and
- To continuously supervise and evaluate the effectiveness of establishing and operating the Company's comprehensive risk management system.

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; and
- To prepare the risk monitoring reports, and the quarterly and annual risk assessment reports by the Company.

Execution and reporting – Other departments and 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 and annual risk management reports;
- To organize the risk assessment of the unit according to the supervision of the Risk Management Department; and
- To organize the investigations, assessments and analyses on the relevant risk incidents before, during and after they take place in the unit respectively.




Risk Management Report

The Procedure of Risk Management


We incorporate the Company's social responsibility, economic operation and development prospects into risk management, make reference to the risk management of IAEA-TECDOC-1209, the risk management framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and ISO 31000:2009 risk management – principles and guidelines, so as to make continuous improvement to comply with the leading standard and practice in the industry. We cultivate sound risk management culture and establish a sound and comprehensive risk management system, by focusing on the overall development and operational objectives and through implementing basic procedures 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.

We always adhere to the same concept on risk management, continue to improve the risk management system by strengthening the active identification, regular assessment and active management of risk events, and setting up a dedicated risk management team to manage risks as well as other effective management measures to constantly improve the risk management structure, facilitate each department of the Company to transit from risk warning to active management of risk, and consolidate the front line of risk management and prevention.




Assessment of the Company

-  To identify significant risks which may affect the Company's business development and operation during the Company's annual business planning for the next year.
-  To analyse the internal and external situations for the next year by the Risk Management Department through procedures such as collecting, screening and sorting to find out significant risks the Company will face, and incorporate counter-measures against the significant risks identified 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 and operation.
-  To organize President specific meeting to consider and prepare the annual risk management report. which will be submitted to the Audit and Risk Management Committee and the Board for review.


Quarterly risk monitoring

-  To identify significant risks, prepare the quarterly risk monitoring reports and submit 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.
-  Assign the risk management team to assess and rank risks. They will conduct special reports and discussions on the risks that revealed a tendency of negative changes in the previous month, selectively track 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 and submit to the President and the Chairman for reporting the risk status of the current month.

Risk management during the business development process

-  When business units conduct major investment, business units must identify significant risks and put forward corresponding counter-measures according to the risk management requirements of the Company.


We will identify new risks through risk information collection from the basic level to the top level in daily risk monitoring, and assign the risk management team to prepare monthly risk monitoring report and identify the ranking changes of major risks, and identify the undiscovered risks that may arise 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 and operation. We will timely evaluate and analyze new risks brought out by external environmental changes. Those which are recognized as significant risks will be listed as key risks under monitoring until such risks are eliminated.

Key Risk Management Initiatives in 2021

In 2021, the Company actively responded to the internal and external challenges and opportunities. According to the changes of internal and external environment, we analyzed the situations, explored internal drivers, made active response and captured the opportunities to resolve the impact of internal and external uncertainties on the Company's development.

Risk Management Report

In 2021, we have identified the following major risks in the business development practices and have taken corresponding measures:

| Description of risks | Key changes | Key measures |
|--|---|--|
| Safe and stable operation of NPPs | | |
| <p>Commencement of commercial operations of new power generating units as well as simultaneous operation and management of multiple bases have brought us many challenges.</p> <p>As multiple bases and multiple units outages interacted and overlapped, under the impact of the pandemic, outage resource assurance faced challenges.</p> <p>As part of our nuclear plant units have operated for more than ten years, and it takes some time to inspect the new units, we shall focused on the assurance of reliability of equipment of multiple bases.</p> |  <p>⬆ In 2021, a total of 25 units are in operation, an increase of one unit year-on-year.</p> <p>⬆ Continuous resurgence of the pandemic in the PRC</p> | <ul style="list-style-type: none"> ⬆ Continue to carry out the promotion of the Nuclear Safety Law and refresher education of safety on all staff, and further carry out the "Upholding compliance and fighting against non-compliance" activities. ⬆ We are committed to cultivating masters in key skill areas, formulating and implementing skill competition programs in various professional fields, and improving staff skills. ⬆ Strengthen online safety supervision, carry out benchmarking work on management to avoid human error, optimize the management and operation mechanism for significant and major equipment, and strengthen feedback to external experience to improve equipment management, and ensure the safe operation of units in operation. ⬆ On the basis of regular pandemic prevent and control, step up COVID-19 prevention and control efforts to protect key production talents and achieve zero infection in domestic production areas; strictly control costs and expenditures as well as spending on non-production activities; deepen lean management. |






Lower than the risk level of last year







Same as the risk level of last year



Higher than the risk level of last year

| Description of risks | Key changes | Key measures |
|--|---|---|
| Risks of sales of electricity | | |
| <p>The impact of the local economic development, local demand for electricity, accelerated power market reform and local power generation policies of the places in which they are located is posing challenges to the nuclear power bases in terms of sales of electricity.</p> | <div style="text-align: center;"></div> <ul style="list-style-type: none">  Trading mechanism of electricity changes as a result of the power market reform.  The national electricity supply and demand situation is tight in general, and the electricity supply and demand in certain areas is tight at the beginning of the year, summer and autumn.  Government and power grid projects affect power transmission.  Power grids request the units to operate at lower power levels due to typhoons. | <ul style="list-style-type: none">  Leveraging the coordination mechanism with regional power stations which assumes responsibilities at different levels, strive to pursue more planned output.  Formulate and implement corresponding solutions to lower and avoid the chances of deloading occurring during holidays.  Enhance marketing strength in the power market in each region, so as to obtain a bigger market share.  Strengthen communication and coordination with national competent departments, local governments and power grid, actively keep up with the trend of power market reform. |
| Control on projects under construction | | |
| <p>Safety and quality control, progress control and cost control of nuclear power projects in progress will have many adverse factors affecting the achievement of high-quality production.</p> | <div style="text-align: center;"></div> <ul style="list-style-type: none">  We managed seven nuclear power units under construction, which is the same as the last year. | <ul style="list-style-type: none">  Ensure working progress with quality, formulate special optimization measures and guarantee the project construction targets.  Implement investment control objectives of HPR1000 demonstration project, strengthen the design, procurement and construction schedule control of HPR1000 demonstration project.  Continue to carry out nuclear safety education, enhance the management on high-risk operations and major sources of danger, and improve the workers' technical skills and awareness of safety and quality. |
|  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 | | |
| <p>As RMB exchange rate fluctuated, the foreign currency debts (mainly denominated in Euro) of the Company resulted in the continuous fluctuation in our profit and loss of exchange rate.</p> <p>The fluctuating market interest rates affected the debt financing cost of the Company.</p> | <p style="text-align: center;"></p> <p>⬆ In 2021, the Euro depreciated against the RMB.</p> <p>⬆ In 2021, loan rate to loan prime rate ("LPR") maintained stable overall, in which one-year LPR slightly declined.</p> | <p>⬆ Reduce Euro debt exposure by repaying debts denominated in Euro;</p> <p>⬆ The Company managed new foreign currency debts by payments for foreign commercial contracts through spot purchase of foreign exchange in RMB.</p> <p>⬆ Maintain the proportion of long-term bank loans to match the Company's long-term cash flow, and reduce the risk of refinancing.</p> <p>⬆ We reduced financing cost by issuing ultra short-term financing notes, ultra short-term green financing notes and medium-term notes to increase the scale of direct financing as appropriate.</p> |
|  |  |  |
| 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 2021, under our inspection, we are of opinion that the overall nuclear safety of the conditions of nuclear power generating units in operation are under control; the overall project quality, progress and construction cost of the projects under construction are under control without material and adverse changes. In 2021, through internal and external efforts, the completion rate of the power generation plans was over-fulfilled.

Outlook for 2022 and Important Measures

In 2022, in view of the triple whammy of shrinking demand, impacted supply and expected weakening, the Company will face more challenges. Industrial restructuring and deepening reforms in the power market will bring about more uncertainties to sales of electricity of the Company.

The Company will continue to promote risk management optimization actions. Leveraging the operational objectives and plan for major tasks of 2022 for the "14th Five-Year" and in the medium to long planning, we will identify the risks that affect us in achieving our targets, further enhance the effectiveness of the Company's risk management, strengthen the risk management responsibility, formulate and implement risk prevention and control measures to ensure the Company achieves its development and operational objectives and creates value for the shareholders.

The objectives of the Company's risk management in 2022 are: sticking to the bottom line of safety and quality, improving the level of intrinsic safety through technological means, and ensuring nuclear safety; adhering to innovation-driven development, deepening reform in all aspects, and continuously improving the quality and efficiency of development; deepening quality and efficiency enhancement, adhering to "tightening our belts" action, seeking benefits from technological innovation and management innovation, and striving for first-class performance.

We continue to fulfill risk management responsibilities and optimize the risk monitoring methods through internal control functions and business departments and units, so as to reduce the impacts of significant risks on our business development.

As for safe and stable operation of multiple bases

- ✔ strengthen the construction of nuclear safety culture, and continue to work on safety standards and international benchmarking so as to enhance the leading status in terms of nuclear leadership; strengthen the call for a safety concept of “We want safety”, specify the accountability of safety management, complete the three-year action plan for the rectification of safety production, and improve the level of intrinsic safety by technological means.
- ✔ fully utilize internal and external supervisions and play an independent supervisory role.
- ✔ continuously improve the management and operation mechanism for major equipment to enhance the equipment reliability.
- ✔ introduce an intensive program using new technology to avoid human error at all bases, and push forward “compliance with procedures and combat violations”.

As for risks of sales of electricity


- ✔ actively facilitate the implementation of policies in relation to supporting the consumption of electricity generated by NPPs.
- ✔ actively respond to market reforms to increase the on-grid power generation.
- ✔ strengthen market conception, enhance the market-based marketing mechanism and system, and continue to improve marketing capabilities.

As for controls on projects under construction

- ✔ adhere to the idea of “safety first and quality foremost”, continue to carry out safety and quality management and environmental protection activities.
- ✔ enhance construction planning, optimize work schedules, and avoid work in rush or work delays.
- ✔ reinforce skills training for employees, strengthen the feedback system and continuously enhance the effectiveness of feedback.
- ✔ continue to work on design optimization and technical improvement to ensure safety and competitiveness.

In the face of increasing uncertainties in the business environment, the Company will monitor risks continuously and rigorously for the realization of the Company’s operational and strategic objectives.

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Audit Report

KPMG Huazhen Shen Zi No. 2202106

The Shareholders of 中國廣核電力股份有限公司 CGN Power Co., Ltd.

I. Opinion

We have audited the accompanying financial statements of 中國廣核電力股份有限公司 CGN Power Co., Ltd. ("CGN Power"), which comprise the consolidated and company balance sheets as at December 31, 2021, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of CGN Power as at December 31, 2021, and the consolidated and company financial performance and cash flows of CGN Power for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of CGN Power in accordance with the China Code of Ethics for Certified Public 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.

III. Key Audit Matters

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

Measurement of Provision for NPP Decommissioning

Please refer to the accounting policy stated in “III. Significant Accounting Policies and Accounting Estimates” 23 and “V. Notes to Items in the Consolidated Financial Statements” 35 in Notes to the Financial Statements.

| The Key Audit Matters | How the matter was addressed in our audit |
|---|--|
| <p>The principal business of CGN Power and its subsidiaries (“CGN Power Group”) is construction and operation of nuclear power facilities. CGN Power Group has incurred obligations to handle the decommissioning of its NPPs in accordance with the relevant regulatory requirements in the People’s Republic of China (the “PRC”). As at December 31, 2021, the provision for NPP decommissioning presented in the consolidated financial statements of CGN Power was RMB4,864,931,311.56.</p> <p>CGN Power Group recognized the provision for NPP decommissioning based on the discounted amount of the expected decommissioning expenses. The management needs to determine the timing of decommissioning, the amount of future decommissioning expenditure and discount rate to estimate the provision for NPP decommissioning. In particular, the amount of future decommissioning expenditure needs to estimate the demolition costs, labor costs and safe disposal fees of radioactive waste that will incur when the NPP is closed. CGN Power Group refers to the estimation methods and models of NPP decommissioning issued by international authorities, and adjusts the specific requirements of NPP, including technical differences, labor costs, and relevant laws and regulations, according to the actual situation of CGN Power Group.</p> <p>Due to the importance of the carrying value of the provision for NPP decommissioning to the financial statements and the estimation of the future decommissioning expenditure amount involves significant judgments and estimates, we identified the measurement of provision for NPP decommissioning as a key audit matter.</p> | <p>The audit procedures related to the evaluation of the measurement of the provision for NPP decommissioning primarily included the following:</p> <ul style="list-style-type: none"> • Evaluating the design and operational effectiveness of the key internal control of financial reporting of CGN Power Group regarding the measurement of the provision for NPP decommissioning; • Meeting with the engineers in the technical department of CGN Power Group who are responsible for compiling and reviewing the prediction model of NPP decommissioning to understand the formulation process of CGN Power Group’s NPP decommissioning plan; • Obtaining the NPP decommissioning plan prepared by the management, comparing it with relevant national regulatory regulations, and evaluating the compliance and feasibility of the NPP decommissioning plan of CGN Power Group; • Evaluating the appropriateness of the method adopted by the management when forecasting the NPP decommissioning cost and the rationality of key assumptions based on our understanding of the industry and business and with reference to the estimation method and model of NPP decommissioning cost published by international authorities, including the demolition costs, labor costs and safe disposal fees of radioactive waste estimated by CGN Power Group; • According to the technical differences between NPPs at home and abroad and adjustments made according to economic environment differences, including exchange rates, inflation rates, labor costs and safe disposal fees for radioactive waste, and the discount rate used, obtaining external data related to the above key parameters and comparing the management’s estimated provision for NPP decommissioning with the results of our evaluation; and • Evaluating and conducting sensitivity analysis with respect to the key parameters that affect the measurement of provision for NPP decommissioning, including major costs, expenses, exchange rates, inflation rates, and discount rates, and considering whether there is any indication that these parameters may be biased by the management. |

Audit Report

IV. Other Information

CGN Power's management is responsible for the other information. The other information comprises all the information included in 2021 annual report of CGN Power, other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing CGN Power'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 management either intends to liquidate CGN Power or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CGN Power's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs 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 financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the 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.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's 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 CGN Power'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 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 CGN Power to cease to continue as a going concern.

- (5) Evaluate the overall presentation, including the disclosures, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within CGN Power to express an opinion on the 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 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 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.

KPMG Huazhen LLP
Beijing, China

Certified Public Accountants
Registered in the People's Republic of China
Chen Zimin (The engagement partner)
Wang Jie

March 17, 2022

Consolidated Balance Sheet

As at December 31, 2021

(Unit: RMB)

| Item | NOTES | December 31, 2021 | December 31, 2020 |
|--|-------|---------------------------|---------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash at bank and in hand | (V)1 | 15,827,729,811.43 | 12,128,377,221.65 |
| Bills receivable | (V)2 | 1,707,261,500.00 | 1,900,481,700.00 |
| Accounts receivable | (V)3 | 10,851,815,965.20 | 8,785,607,103.39 |
| Accounts receivable financing | | – | 4,150,220.00 |
| Prepayments | (V)4 | 17,372,065,000.89 | 17,994,542,411.57 |
| Other receivables | (V)5 | 53,320,247.61 | 86,973,653.03 |
| Inventories | (V)6 | 15,248,475,732.06 | 15,020,730,517.39 |
| Contract assets | (V)7 | 3,346,751,008.49 | 3,803,325,759.93 |
| Other current assets | (V)8 | 3,558,731,564.77 | 3,520,085,850.74 |
| Total current assets | | 67,966,150,830.45 | 63,244,274,437.70 |
| Non-current assets: | | | |
| Debt investments | (V)9 | 37,739,834.23 | – |
| Long-term equity investments | (V)10 | 12,417,539,739.83 | 11,924,063,022.83 |
| Other investment in equity instruments | (V)11 | 590,195,970.13 | 498,185,300.00 |
| Investment properties | (V)12 | 204,919,250.54 | 244,748,360.43 |
| Fixed assets | (V)13 | 239,781,814,198.65 | 248,455,556,392.34 |
| Construction in progress | (V)14 | 57,561,621,171.27 | 47,364,769,436.18 |
| Right-of-use assets | (V)15 | 1,040,777,428.86 | 939,488,041.02 |
| Intangible assets | (V)16 | 5,202,831,122.59 | 5,047,179,153.80 |
| Development costs | (V)17 | 3,575,421,186.66 | 2,795,094,194.52 |
| Goodwill | (V)18 | 419,242,673.32 | 419,242,673.32 |
| Long-term deferred expenses | (V)19 | 1,527,444,432.48 | 1,472,909,966.69 |
| Deferred tax assets | (V)20 | 2,311,931,738.14 | 2,177,159,194.01 |
| Other non-current assets | (V)21 | 7,355,378,268.23 | 7,315,703,312.89 |
| Total non-current assets | | 332,026,857,014.93 | 328,654,099,048.03 |
| Total assets | | 399,993,007,845.38 | 391,898,373,485.73 |

The accompanying notes to the financial statements form an integral part of these financial statements.

| Item | NOTES | December 31, 2021 | December 31, 2020 |
|--|-------|---------------------------|---------------------------|
| Liabilities and shareholders' equity | | | |
| Current liabilities: | | | |
| Short-term loans | (V)22 | 16,374,993,758.88 | 23,123,993,448.96 |
| Bills payable | (V)23 | 3,549,771,587.50 | 4,418,030,262.41 |
| Accounts payable | (V)24 | 18,817,580,701.92 | 18,698,517,397.40 |
| Contract liabilities | (V)25 | 4,124,772,960.60 | 3,231,038,661.45 |
| Employee benefits payable | (V)26 | 55,849,381.67 | 151,071,758.52 |
| Taxes payable | (V)27 | 1,561,020,572.25 | 1,469,829,201.53 |
| Other payables | (V)28 | 4,075,609,945.61 | 4,541,393,615.79 |
| Non-current liabilities due within one year | (V)29 | 22,719,658,250.53 | 20,909,255,816.39 |
| Other current liabilities | (V)30 | 6,040,857,546.10 | 609,623,356.68 |
| Total current liabilities | | 77,320,114,705.06 | 77,152,753,519.13 |
| Non-current liabilities: | | | |
| Long-term loans | (V)31 | 155,921,820,998.03 | 156,693,189,032.11 |
| Bonds payable | (V)32 | 5,988,041,567.89 | 7,489,853,934.87 |
| Lease liabilities | (V)33 | 692,172,850.27 | 576,934,707.48 |
| Long-term employee benefits payable | (V)34 | 195,433,077.84 | 75,070,317.95 |
| Provisions | (V)35 | 5,334,823,453.78 | 5,030,926,743.61 |
| Deferred income | (V)36 | 2,361,217,837.38 | 2,043,610,971.48 |
| Deferred tax liabilities | (V)20 | 1,268,951,731.16 | 1,205,428,001.19 |
| Total non-current liabilities | | 171,762,461,516.35 | 173,115,013,708.69 |
| Total liabilities | | 249,082,576,221.41 | 250,267,767,227.82 |
| Shareholders' equity: | | | |
| Share capital | (V)37 | 50,498,611,100.00 | 50,498,611,100.00 |
| Capital reserve | (V)38 | 10,790,413,325.63 | 10,784,004,133.34 |
| Other comprehensive income | (V)39 | 345,482,066.81 | 405,306,708.13 |
| Specific reserve | (V)40 | 249,371,452.84 | 248,862,260.50 |
| Surplus reserve | (V)41 | 4,901,527,564.79 | 4,346,624,819.53 |
| Retained earnings | (V)42 | 34,125,147,494.32 | 28,989,865,085.43 |
| Total equity attributable to shareholders of the parent company | | 100,910,553,004.39 | 95,273,274,106.93 |
| Non-controlling interests | | 49,999,878,619.58 | 46,357,332,150.98 |
| Total shareholders' equity | | 150,910,431,623.97 | 141,630,606,257.91 |
| Total liabilities and shareholders' equity | | 399,993,007,845.38 | 391,898,373,485.73 |

These financial statements were approved by the board of directors on March 17, 2022.

The accompanying notes to the financial statements form an integral part of these financial statements.

The financial statements and notes were signed by the following persons in charge.

| | | | |
|---------------------------------|--------------------|-------------------------|-----------------------------------|
| Yang Changli | Gao Ligang | Yin Engang | Cheng Chao |
| Legal Representative (Chairman) | Executive Director | Chief Financial Officer | Head of the Accounting Department |

Balance Sheet of the Parent Company

As at December 31, 2021

(Unit: RMB)

| Item | NOTES | December 31, 2021 | December 31, 2020 |
|---|----------|---------------------------|---------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash at bank and in hand | | 9,733,956,725.88 | 6,695,085,446.07 |
| Accounts receivable | (XV)1 | 1,231,082,748.72 | 977,738,642.05 |
| Prepayments | | 244,781,069.15 | 6,211,977.97 |
| Other receivables | (XV)2 | 1,891,933,966.37 | 3,160,702,645.71 |
| Non-current assets due within one year | | 5,006,465,631.80 | 4,006,366,323.02 |
| Other current assets | (XV)3 | 18,470,729,359.93 | 13,271,092,916.62 |
| Total current assets | | 36,578,949,501.85 | 28,117,197,951.44 |
| Non-current assets: | | | |
| Debt investments | (XV)4 | 8,537,703,160.59 | 10,770,963,326.36 |
| Long-term equity investments | (XV)5 | 82,963,063,207.85 | 81,428,721,532.78 |
| Fixed assets | | 119,200,253.44 | 94,867,611.84 |
| Construction in progress | | 70,802,824.69 | 84,697,347.23 |
| Right-of-use assets | | 207,949,957.38 | 68,432,591.02 |
| Intangible assets | | 285,905,825.06 | 261,343,338.94 |
| Development costs | | 2,493,893,739.45 | 1,938,096,568.12 |
| Other non-current assets | | 12,354.72 | 37,910,914.23 |
| Total non-current assets | | 94,678,531,323.18 | 94,685,033,230.52 |
| Total assets | | 131,257,480,825.03 | 122,802,231,181.96 |
| Liabilities and shareholders' equity | | | |
| Current liabilities: | | | |
| Accounts payable | | 488,845,346.91 | 662,499,472.49 |
| Contract liabilities | | 7,386,539.93 | 7,107,834.99 |
| Employee benefits payable | | 2,278,203.51 | 29,443,295.64 |
| Taxes payable | | 9,832,473.38 | 7,211,934.95 |
| Other payables | | 8,365,136,771.88 | 6,132,332,329.51 |
| Non-current liabilities due within one year | | 5,276,912,359.22 | 4,252,913,742.56 |
| Other current liabilities | (V)30(1) | 5,246,547,452.05 | – |
| Total current liabilities | | 19,396,939,146.88 | 11,091,508,610.14 |
| Non-current liabilities: | | | |
| Long-term loans | (XV)6 | 800,000,000.00 | 800,000,000.00 |
| Bonds payable | (V)32 | 5,988,041,567.89 | 7,489,853,934.87 |
| Lease liabilities | | 140,033,806.68 | 16,298,328.37 |
| Long-term employee benefits payable | | 18,587,634.13 | 3,422,541.62 |
| Deferred income | | 6,696,926.67 | 671,926.67 |
| Total non-current liabilities | | 6,953,359,935.37 | 8,310,246,731.53 |
| Total liabilities | | 26,350,299,082.25 | 19,401,755,341.67 |

The accompanying notes to the financial statements form an integral part of these financial statements.

| Item | NOTES | December 31, 2021 | December 31, 2020 |
|--|-------|---------------------------|---------------------------|
| Liabilities and shareholders' equity (Cont'd) | | | |
| Shareholders' equity: | | | |
| Share capital | | 50,498,611,100.00 | 50,498,611,100.00 |
| Capital reserve | | 31,781,695,128.05 | 31,781,612,580.88 |
| Surplus reserve | | 4,489,836,124.69 | 3,934,933,379.43 |
| Retained earnings | | 18,137,039,390.04 | 17,185,318,779.98 |
| Total shareholders' equity | | 104,907,181,742.78 | 103,400,475,840.29 |
| Total liabilities and shareholders' equity | | 131,257,480,825.03 | 122,802,231,181.96 |

These financial statements were approved by the board of directors on March 17, 2022.

The accompanying notes to the financial statements form an integral part of these financial statements.

The financial statements and notes were signed by the following persons in charge.

| | | | |
|---------------------------------|--------------------|-------------------------|-----------------------------------|
| Yang Changli | Gao Ligang | Yin Engang | Cheng Chao |
| Legal Representative (Director) | Executive Director | Chief Financial Officer | Head of the Accounting Department |

Consolidated Income Statement

2021

(Unit: RMB)

| Item | NOTES | 2021 | 2020 |
|--|-------|-------------------|-------------------|
| I. Operating revenue | (V)43 | 80,678,744,757.95 | 70,584,710,557.13 |
| Less: Operating costs | (V)43 | 53,895,340,108.78 | 44,419,291,782.18 |
| Tax and surcharges | (V)44 | 610,245,628.19 | 621,738,133.27 |
| Selling expenses | (V)45 | 78,994,204.22 | 71,158,554.79 |
| Administrative expenses | (V)46 | 2,426,031,547.96 | 2,392,589,703.74 |
| Research and development expenses | (V)47 | 1,753,035,238.82 | 1,535,988,543.87 |
| Finance costs | (V)48 | 6,401,428,925.72 | 7,827,745,086.07 |
| Including: Interest expenses | | 7,132,079,811.79 | 8,045,778,571.89 |
| Interest income | | 153,714,185.11 | 197,865,779.92 |
| Add: Other gains | (V)49 | 1,698,945,028.91 | 2,248,487,823.24 |
| Investment income | (V)50 | 1,366,911,661.27 | 1,143,576,441.76 |
| Including: Income from investment in associates and joint ventures | | 1,364,197,656.78 | 1,119,833,344.38 |
| (Losses)/gains from changes in fair value | (V)51 | (103,245,506.73) | 5,266,866.40 |
| Losses from credit impairment | (V)52 | (14,595,464.34) | (21,256,677.56) |
| Asset impairment losses | (V)53 | (148,094,089.05) | (199,469,417.80) |
| Gains/(losses) from disposal of assets | (V)54 | 78,676.45 | (1,293,786.08) |
| II. Operating profit | | 18,313,669,410.77 | 16,891,510,003.17 |
| Add: Non-operating income | (V)55 | 47,254,111.21 | 44,318,439.93 |
| Less: Non-operating expenses | (V)56 | 234,802,982.78 | 85,706,966.89 |
| III. Total profit | | 18,126,120,539.20 | 16,850,121,476.21 |
| Less: Income tax expenses | (V)57 | 2,442,175,526.17 | 1,974,484,793.52 |
| IV. Net profit | | 15,683,945,013.03 | 14,875,636,682.69 |
| (I) Classified by continuity of operations | | | |
| 1. Net profit from continuing operations | | 15,683,945,013.03 | 14,875,636,682.69 |
| 2. Net profit from discontinued operations | | – | – |
| (II) Classified by ownership | | | |
| 1. Net profit attributable to shareholders of the parent company | | 9,732,589,251.46 | 9,562,307,621.17 |
| 2. Non-controlling interests | | 5,951,355,761.57 | 5,313,329,061.52 |

The accompanying notes to the financial statements form an integral part of these financial statements.

| Item | NOTES | 2021 | 2020 |
|--|-------|-------------------|-------------------|
| V. Other comprehensive income, net of tax | (V)39 | (95,205,907.56) | (482,944,109.50) |
| Other comprehensive income attributable to shareholders of the parent company, net of tax | | (59,824,641.32) | (361,277,953.30) |
| (I) Other comprehensive income that will not be reclassified to profit or loss | | 46,200,282.38 | 9,681,133.09 |
| 1. Change arising from remeasurement of defined benefit plan | | 1,280,625.00 | 902,183.89 |
| 2. Other comprehensive income that cannot be transferred to profit or loss under the equity method | | (1,733,428.18) | (6,292,550.00) |
| 3. Change in fair value of investment in other equity instruments | | 46,653,085.56 | 15,071,499.20 |
| (II) Other comprehensive income that may be reclassified to profit or loss | | (106,024,923.70) | (370,959,086.39) |
| 1. Other comprehensive income that can be transferred to profit or loss under the equity method | | – | (5,959,867.78) |
| 2. Translation differences arising from translation of foreign currency financial statements | | (106,024,923.70) | (364,999,218.61) |
| Other comprehensive income attributable to non-controlling interests, net of tax | | (35,381,266.24) | (121,666,156.20) |
| VI. Total comprehensive income | | 15,588,739,105.47 | 14,392,692,573.19 |
| Total comprehensive income attributable to shareholders of the parent company | | 9,672,764,610.14 | 9,201,029,667.87 |
| Total comprehensive income attributable to non-controlling interests | | 5,915,974,495.33 | 5,191,662,905.32 |
| VII. Earnings per share | | | |
| (I) Basic earnings per share | (V)58 | 0.193 | 0.189 |
| (II) Diluted earnings per share | (V)58 | 0.193 | 0.189 |

The accompanying notes to the financial statements form an integral part of these financial statements.

Income Statement of Parent Company

2021

(Unit: RMB)

| Item | NOTES | 2021 | 2020 |
|--|-------|------------------|------------------|
| I. Operating revenue | (XV)7 | 816,601,748.69 | 779,102,566.81 |
| Less: Operating costs | (XV)7 | 721,771,037.37 | 719,911,193.77 |
| Taxes and surcharges | | 278,925.70 | 425,830.80 |
| Administrative expenses | | 487,622,076.21 | 521,586,164.84 |
| Research and development expenses | | 275,844,772.57 | 131,948,161.01 |
| Finance costs | | 586,930,512.76 | 464,081,587.14 |
| Including: Interest expenses | | 680,621,415.75 | 598,757,869.14 |
| Interest income | | 87,939,122.27 | 122,363,808.16 |
| Add: Other gains | | 5,380,218.81 | 5,416,031.05 |
| Investment income | (XV)8 | 6,816,999,876.53 | 5,074,706,331.11 |
| Including: Income from investment in associates and joint ventures | | 338,853,269.49 | 297,964,767.17 |
| (Losses)/gains from changes in fair value | | (15,889,732.55) | 984,308.65 |
| Losses from credit impairment | | (1,638,913.88) | (5,155.58) |
| Gains from disposal of assets | | 3,554.26 | – |
| II. Operating profit | | 5,549,009,427.25 | 4,022,251,144.48 |
| Add: Non-operating income | | 49,225.38 | 680,215.81 |
| Less: Non-operating expenses | | 31,200.00 | 76,311.30 |
| III. Total profit | | 5,549,027,452.63 | 4,022,855,048.99 |
| Less: Income tax expenses | | – | – |
| IV. Net profit | | 5,549,027,452.63 | 4,022,855,048.99 |
| (I) Net profit from continuing operations | | 5,549,027,452.63 | 4,022,855,048.99 |
| V. Other comprehensive income, net of tax | | – | – |
| VI. Total comprehensive income | | 5,549,027,452.63 | 4,022,855,048.99 |

The accompanying notes to the financial statements form an integral part of these financial statements.

Consolidated Cash Flow Statement

2021

(Unit: RMB)

| Item | NOTES | 2021 | 2020 |
|--|----------|---------------------|---------------------|
| I. Cash flows from operating activities: | | | |
| Cash received from the sales of goods and rendering of services | | 89,371,694,224.86 | 78,989,122,504.40 |
| Tax rebate received | | 1,694,762,454.55 | 2,271,942,941.21 |
| Other cash received relating to operating activities | (V)60(1) | 2,335,329,177.35 | 3,016,540,236.68 |
| Subtotal of cash inflow from operating activities | | 93,401,785,856.76 | 84,277,605,682.29 |
| ----- | | | |
| Cash payments for goods purchased and services received | | 39,923,751,585.11 | 35,403,134,664.17 |
| Cash payments to and on behalf of employees | | 9,305,470,339.73 | 8,742,324,742.05 |
| Payments of various types of taxes | | 6,024,262,814.46 | 5,948,183,846.15 |
| Other cash payments relating to operating activities | (V)60(2) | 3,237,199,828.24 | 4,029,121,906.78 |
| Subtotal of cash outflow from operating activities | | 58,490,684,567.54 | 54,122,765,159.15 |
| ----- | | | |
| Net cash flows from operating activities | (V)61(1) | 34,911,101,289.22 | 30,154,840,523.14 |
| ----- | | | |
| II. Cash flows from investing activities: | | | |
| Cash received from investment income | | 898,712,507.62 | 828,679,022.22 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 7,667,549.12 | 8,048,628.20 |
| Net cash received from disposal of subsidiaries and other business entities | (V)61(2) | — | 9,577,157.28 |
| Other cash received relating to investing activities | (V)60(3) | 5,170,436,523.62 | 4,302,032,774.01 |
| Subtotal of cash inflow from investing activities | | 6,076,816,580.36 | 5,148,337,581.71 |
| ----- | | | |
| Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets | | 14,440,815,872.68 | 13,503,177,333.69 |
| Cash paid for investments | | 175,292,774.97 | 432,460,400.00 |
| Other cash paid relating to investing activities | (V)60(4) | 6,029,620,908.26 | 2,971,874,224.68 |
| Subtotal of cash outflow from investing activities | | 20,645,729,555.91 | 16,907,511,958.37 |
| ----- | | | |
| Net cash flow used in investing activities | | (14,568,912,975.55) | (11,759,174,376.66) |
| ----- | | | |

The accompanying notes to the financial statements form an integral part of these financial statements.

Consolidated Cash Flow Statement

2021

| Item | NOTES | 2021 | 2020 |
|---|-------------|---------------------|---------------------|
| III. Cash flows from financing activities: | | | |
| Cash receipts from capital contributions | | 1,020,895,760.22 | 84,052,084.00 |
| Including: Cash receipts from capital contributions by minority shareholders of subsidiaries | | 1,020,895,760.22 | 84,052,084.00 |
| Cash received from borrowings | | 68,089,476,340.06 | 53,040,846,892.04 |
| Other cash received relating to financing activities | (V)60(5) | – | 271,830,000.00 |
| Subtotal of cash inflow from financing activities | | 69,110,372,100.28 | 53,396,728,976.04 |
| Cash repayments of borrowings | | 69,457,523,645.45 | 60,281,787,732.09 |
| Cash payments for distribution of dividends or profits or settlement of interest expenses | | 16,822,925,444.82 | 17,144,405,125.84 |
| Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries | | 4,344,230,249.14 | 4,405,996,085.01 |
| Other cash payments relating to financing activities | (V)60(6) | 320,913,681.70 | 337,439,753.90 |
| Subtotal of cash outflow from financing activities | | 86,601,362,771.97 | 77,763,632,611.83 |
| Net cash flow used in financing activities | | (17,490,990,671.69) | (24,366,903,635.79) |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | 1,497,433.09 | (163,736,186.10) |
| V. Net increase/(decrease) in cash and cash equivalents | (V)61(1)(b) | 2,852,695,075.07 | (6,134,973,675.41) |
| Add: Opening balance of cash and cash equivalents | | 8,719,143,941.04 | 14,854,117,616.45 |
| VI. Closing balance of cash and cash equivalents | (V)61(3) | 11,571,839,016.11 | 8,719,143,941.04 |

The accompanying notes to the financial statements form an integral part of these financial statements.

Cash Flow Statement of the Parent Company

2021

(Unit: RMB)

| Item | NOTES | 2021 | 2020 |
|--|-------|-------------------|--------------------|
| I. Cash flows from operating activities: | | | |
| Cash received from the sales of goods and rendering of services | | 621,229,248.68 | 604,508,691.50 |
| Tax rebate received | | 58,457,086.11 | – |
| Other cash received relating to operating activities | | 130,856,841.25 | 251,576,421.86 |
| Subtotal of cash inflow from operating activities | | 810,543,176.04 | 856,085,113.36 |
| Cash payments for goods purchased and services received | | 520,288,736.66 | 500,271,270.86 |
| Cash payments to and on behalf of employees | | 437,517,487.14 | 447,832,400.14 |
| Payments of various types of taxes | | 278,925.70 | 425,830.80 |
| Other cash payments relating to operating activities | | 443,806,999.53 | 244,714,952.64 |
| Subtotal of cash outflow from operating activities | | 1,401,892,149.03 | 1,193,244,454.44 |
| Net cash flows used in operating activities | (XV)9 | (591,348,972.99) | (337,159,341.08) |
| II. Cash flows from investing activities: | | | |
| Cash received from disposal of investments | | 28,571,000,000.00 | 17,658,000,000.00 |
| Cash received from investment income | | 8,011,477,759.83 | 6,491,098,778.05 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 51,320.00 | – |
| Other cash received relating to investing activities | | – | 3,000,000,000.00 |
| Subtotal of cash inflow from investing activities | | 36,582,529,079.83 | 27,149,098,778.05 |
| Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets | | 1,233,939,504.79 | 728,460,046.66 |
| Cash paid for investments | | 33,942,774,345.58 | 20,903,321,374.35 |
| Other cash paid relating to investing activities | | 4,596,690.59 | 2,254,666.89 |
| Subtotal of cash outflow from investing activities | | 35,181,310,540.96 | 21,634,036,087.90 |
| Net cash flow from investing activities | | 1,401,218,538.87 | 5,515,062,690.15 |
| III. Cash flows from financing activities: | | | |
| Cash received from borrowings | | 14,489,416,335.06 | 4,446,685,689.80 |
| Subtotal of cash inflow from financing activities | | 14,489,416,335.06 | 4,446,685,689.80 |
| Cash repayments of borrowings | | 7,520,300,322.65 | 9,431,668,546.11 |
| Cash payments for distribution of dividends or profits or settlement of interest expenses | | 4,674,502,121.35 | 4,470,600,323.89 |
| Other cash payments relating to financing activities | | 70,005,532.96 | 89,753,550.24 |
| Subtotal of cash outflow from financing activities | | 12,264,807,976.96 | 13,992,022,420.24 |
| Net cash flow from/(used in) financing activities | | 2,224,608,358.10 | (9,545,336,730.44) |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | 4,016,001.85 | 16,298,947.99 |
| V. Net increase/(decrease) in cash and cash equivalents | | 3,038,493,925.83 | (4,351,134,433.38) |
| Add: Opening balance of cash and cash equivalents | (XV)9 | 6,694,196,723.37 | 11,045,331,156.75 |
| VI. Closing balance of cash and cash equivalents | (XV)9 | 9,732,690,649.20 | 6,694,196,723.37 |

The accompanying notes to the financial statements form an integral part of these financial statements.

Consolidated Statement of Changes in Shareholders' Equity

2021

(Unit: RMB)

| Item | NOTES | 2021 | | | | | | | | |
|---|-------|--|-------------------|----------------------------|------------------|------------------|--------------------|--------------------|--------------------------|----------------------------|
| | | Attributable to shareholders of the Parent Company | | | | | | | Non-controlling interest | Total shareholders' equity |
| | | Share capital | Capital reserve | Other comprehensive income | Specific reserve | Surplus reserve | Retained earnings | Subtotal | | |
| I. Balance at December 31, 2020 and January 1, 2021 | | 50,498,611,100.00 | 10,784,004,133.34 | 405,306,708.13 | 248,862,260.50 | 4,346,624,819.53 | 28,989,865,085.43 | 95,273,274,106.93 | 46,357,332,150.98 | 141,630,606,257.91 |
| II. Changes in the current year | | - | 6,409,192.29 | (59,824,641.32) | 509,192.34 | 554,902,745.26 | 5,135,282,408.89 | 5,637,278,897.46 | 3,642,546,468.60 | 9,279,825,366.06 |
| (I) Total comprehensive income | | - | - | (59,824,641.32) | - | - | 9,732,589,251.46 | 9,672,764,610.14 | 5,915,974,495.33 | 15,588,739,105.47 |
| (II) Shareholders' contributions and reduction in capital | | - | 6,409,192.29 | - | - | - | - | 6,409,192.29 | 2,884,587,200.22 | 2,890,996,392.51 |
| 1. Shareholders' capital contributions | | - | - | - | - | - | - | - | 2,884,587,200.22 | 2,884,587,200.22 |
| 2. Others | (V)38 | - | 6,409,192.29 | - | - | - | - | 6,409,192.29 | - | 6,409,192.29 |
| (III) Profit distribution | | - | - | - | - | 554,902,745.26 | (4,597,306,842.57) | (4,042,404,097.31) | (5,158,015,226.95) | (9,200,419,324.26) |
| 1. Transfer to surplus reserve | (V)41 | - | - | - | - | 554,902,745.26 | (554,902,745.26) | - | - | - |
| 2. Distribution to shareholders | (V)42 | - | - | - | - | - | (4,042,404,097.31) | (4,042,404,097.31) | (5,158,015,226.95) | (9,200,419,324.26) |
| (IV) Specific reserve | (V)40 | - | - | - | 509,192.34 | - | - | 509,192.34 | - | 509,192.34 |
| 1. Transfer to specific reserve in the year | | - | - | - | 169,564,981.82 | - | - | 169,564,981.82 | - | 169,564,981.82 |
| 2. Amount utilized in the year | | - | - | - | (169,055,789.48) | - | - | (169,055,789.48) | - | (169,055,789.48) |
| III. Balance at December 31, 2021 | | 50,498,611,100.00 | 10,790,413,325.63 | 345,482,066.81 | 249,371,452.84 | 4,901,527,564.79 | 34,125,147,494.32 | 100,910,553,004.39 | 49,999,878,619.58 | 150,910,431,623.97 |

(Unit: RMB)

| Item | NOTES | 2020 | | | | | | | | |
|---|-------|--|-------------------|----------------------------|------------------|------------------|--------------------|--------------------|--------------------------|----------------------------|
| | | Attributable to shareholders of the Parent Company | | | | | | | Non-controlling interest | Total shareholders' equity |
| | | Share capital | Capital reserve | Other comprehensive income | Specific reserve | Surplus reserve | Retained earnings | Subtotal | | |
| I. Balance at December 31, 2019 and January 1, 2020 | | 50,498,611,100.00 | 10,702,322,842.13 | 766,584,661.43 | 222,401,570.36 | 3,944,339,314.63 | 23,667,716,575.70 | 89,801,976,064.25 | 45,491,891,427.21 | 135,293,867,491.46 |
| II. Changes in the current year | | - | 81,681,291.21 | (361,277,953.30) | 26,460,690.14 | 402,285,504.90 | 5,322,148,509.73 | 5,471,298,042.68 | 865,440,723.77 | 6,336,738,766.45 |
| (I) Total comprehensive income | | - | - | (361,277,953.30) | - | - | 9,562,307,621.17 | 9,201,029,667.87 | 5,191,662,905.32 | 14,392,692,573.19 |
| (II) Shareholders' contributions and reduction in capital | | - | 81,681,291.21 | - | - | - | - | 81,681,291.21 | 84,052,084.00 | 165,733,375.21 |
| 1. Shareholders' capital contributions | | - | - | - | - | - | - | - | 84,052,084.00 | 84,052,084.00 |
| 2. Others | | - | 81,681,291.21 | - | - | - | - | 81,681,291.21 | - | 81,681,291.21 |
| (III) Profit distribution | | - | - | - | - | 402,285,504.90 | (4,240,159,111.44) | (3,837,873,606.54) | (4,410,274,265.55) | (8,248,147,872.09) |
| 1. Transfer to surplus reserve | | - | - | - | - | 402,285,504.90 | (402,285,504.90) | - | - | - |
| 2. Distribution to shareholders | | - | - | - | - | - | (3,837,873,606.54) | (3,837,873,606.54) | (4,410,274,265.55) | (8,248,147,872.09) |
| (IV) Specific reserve | | - | - | - | 26,460,690.14 | - | - | 26,460,690.14 | - | 26,460,690.14 |
| 1. Transfer to specific reserve in the year | | - | - | - | 140,254,721.64 | - | - | 140,254,721.64 | - | 140,254,721.64 |
| 2. Amount utilized in the year | | - | - | - | (113,794,031.50) | - | - | (113,794,031.50) | - | (113,794,031.50) |
| III. Balance at December 31, 2020 | | 50,498,611,100.00 | 10,784,004,133.34 | 405,306,708.13 | 248,862,260.50 | 4,346,624,819.53 | 28,989,865,085.43 | 95,273,274,106.93 | 46,357,332,150.98 | 141,630,606,257.91 |

The accompanying notes to the financial statements form an integral part of these financial statements.

Statement of Changes in Shareholders' Equity of Parent Company

2021

(Unit: RMB)

| | 2021 | | | | Total shareholders' equity |
|---|-------------------|-------------------|------------------|--------------------|----------------------------|
| | Share capital | Capital reserve | Surplus reserve | Retained earnings | |
| I. Balance at December 31, 2020 and January 1, 2021 | 50,498,611,100.00 | 31,781,612,580.88 | 3,934,933,379.43 | 17,185,318,779.98 | 103,400,475,840.29 |
| II. Changes in the current year | - | 82,547.17 | 554,902,745.26 | 951,720,610.06 | 1,506,705,902.49 |
| (I) Total comprehensive income | - | - | - | 5,549,027,452.63 | 5,549,027,452.63 |
| (II) Owners' contributions and reduction in capital | - | 82,547.17 | - | - | 82,547.17 |
| 1. Others | - | 82,547.17 | - | - | 82,547.17 |
| (III) Profit distribution | - | - | 554,902,745.26 | (4,597,306,842.57) | (4,042,404,097.31) |
| 1. Transfer to surplus reserve | - | - | 554,902,745.26 | (554,902,745.26) | - |
| 2. Distribution to shareholders | - | - | - | (4,042,404,097.31) | (4,042,404,097.31) |
| III. Balance at December 31, 2021 | 50,498,611,100.00 | 31,781,695,128.05 | 4,489,836,124.69 | 18,137,039,390.04 | 104,907,181,742.78 |

(Unit: RMB)

| | 2020 | | | | Total shareholders' equity |
|---|-------------------|-------------------|------------------|--------------------|----------------------------|
| | Share capital | Capital reserve | Surplus reserve | Retained earnings | |
| I. Balance at December 31, 2019 and January 1, 2020 | 50,498,611,100.00 | 31,781,612,580.88 | 3,532,647,874.53 | 17,402,622,842.43 | 103,215,494,397.84 |
| II. Changes in the current year | - | - | 402,285,504.90 | (217,304,062.45) | 184,981,442.45 |
| (I) Total comprehensive income | - | - | - | 4,022,855,048.99 | 4,022,855,048.99 |
| (II) Profit distribution | - | - | 402,285,504.90 | (4,240,159,111.44) | (3,837,873,606.54) |
| 1. Transfer to surplus reserve | - | - | 402,285,504.90 | (402,285,504.90) | - |
| 2. Distribution to shareholders | - | - | - | (3,837,873,606.54) | (3,837,873,606.54) |
| III. Balance at December 31, 2020 | 50,498,611,100.00 | 31,781,612,580.88 | 3,934,933,379.43 | 17,185,318,779.98 | 103,400,475,840.29 |

The accompanying notes to the financial statements form an integral part of these financial statements.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(I) COMPANY OVERVIEW

CGN Power Co., Ltd. (the "Company") is a joint stock company jointly established by 中國廣核集團有限公司 China General Nuclear Power Corporation ("CGNPC"), as the main promoter by way of contribution with equity of 11 companies involved in the development, investment, operation and R&D of NPPs as well as certain assets and liabilities in respect of the above businesses (the "Business Contribution"), together with other promoters by way of cash contribution in accordance with relevant provisions under PRC laws and administrative regulations, with approvals from the State-Owned Assets Supervision and Administration Commission of the State Council (the "SASAC") through the Reply on the Matters Related to the Main Business Restructuring and Listing of China General Nuclear Power Corporation (Guo Zi Gai Ge [2013] No. 1005) (國資改革[2013]1005 號《關於中國廣核集團有限公司核電主業改制並上市有關事項的批覆》) dated December 4, 2013 and the Reply on the Establishment of CGN Power Co., Ltd. (Guo Zi Gai Ge [2014] No. 123) (國資改革[2014]123 號《關於設立中國廣核電力股份有限公司的批覆》) dated March 14, 2014. The Company was incorporated in Shenzhen, Guangdong Province on March 25, 2014, and obtained the business license (No. 440301109037551) issued by the State Administration of Industry and Commerce.

Upon establishment, the Company's total share capital was RMB35,300,000,000.00, which was valued by 北京中企華資產評估有限責任公司(Beijing China Enterprise Appraisals Co., Ltd.), with final approval by the SASAC through the Reply on the Approval of the Asset Valuation Results to the Main Business Restructuring and Listing Project of China General Nuclear Power Corporation (Guo Zi Chan Quan [2014] No. 108) (《關於中國廣核集團有限公司核電主業改制並上市項目資產評估結果核准的批覆》國資產權[2014]108 號). CGNPC contributed RMB43,017,097,508.00, including valuation of the Business Contribution at RMB40,425,171,692.47 and cash contribution of RMB2,591,925,815.53, translating into 30,040,300,000 shares of the Company at a ratio of 69.83%, representing 85.10% of the total shares; Guangdong Hengjian Investment Holding Co., Ltd. contributed RMB5,054,888,074.00, translating into 3,530,000,000 at a ratio of 69.83%, representing 10.00% of the total shares; and China National Nuclear Corporation (formally 中國核工業集團公司 China National Nuclear Corporation) ("CNNC") contributed RMB2,476,895,156.00, translating into 1,729,700,000 at a ratio of 69.83%, representing 4.90% of the total shares.

As approved by the Reply on the Approval to Issue Overseas Listed Foreign Share of CGN Power Co., Ltd. (Zheng Jian Xu Ke [2014] No. 1165) (《關於核准中國廣核電力股份有限公司發行境外上市外資股的批覆》(證監許可[2014]1165 號)) issued by China Securities Regulatory Commission on November 3, 2014, and the Letter of Consent for Listing issued by the Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") on December 9, 2014, the Company publicly issued overseas listed foreign shares (H shares) in December 2014 and was listed on the Main Board of the Stock Exchange of Hong Kong Limited, with an initial offering size of 8,825,000,000 overseas listed foreign shares (H shares), and 1,323,750,000 shares issued and allotted due to the exercise of over-allotment option with a nominal value of RMB1.00 per share and an issuance price of HK\$2.78 per share. Under the PRC regulations related to the disposal of state-owned shares, CGNPC, Guangdong Hengjian Investment Holding Co., Ltd. and CNNC are required to transfer the amount of domestic shares equivalent to 10% of offer shares to the National Council for Social Security Fund ("NCSF"), totaling 1,014,875,000 shares. Upon the listing of the Company, shares held by the NCSF were translated into H shares amounting to 1,014,875,000 shares on a one-for-one basis.

As approved by the Reply on Approval of the Initial Public Offer of Shares of CGN Power Co., Ltd. (Zheng Jian Xu Ke [2019] No. 1381) (《關於核准中國廣核電力股份有限公司首次公開發行股票的批覆》(證監許可[2019]1381 號)) issued by China Securities Regulatory Commission on July 26, 2019, the Company issued RMB ordinary shares (A shares) under the public offer in August 2019 and the shares were listed on the SME Board of the SZSE. A total of 5,049,861,100 RMB ordinary shares (A shares) were issued with a nominal value of RMB1.00 each. The issue price was RMB2.49. The proceeds amounted to RMB12,574,154,139.00 in total. After deducting the issuance costs, the actual net proceeds amounted to RMB12,389,775,559.44, of which, RMB5,049,861,100.00 was included in the paid-in capital and RMB7,339,914,459.44 was included in the capital reserve. The status of proceeds has been verified by Deloitte Touche Tohmatsu (Certified Public Accountants LLP), which has issued the Capital Verification Report (De Shi Bao (Yan) Zi (19) No. 00386).

The headquarters of the Company is located in Shenzhen, Guangdong Province. The parent of the Company is CGNPC. The ultimate beneficial owner of the Company is the SASAC.

The scope of business of the Company and its subsidiaries (the “Group”) mainly includes: production and supply of electricity and heat generated mainly from nuclear energy, and provision of related professional technical services; disposal of nuclear wastes; organization and implementation of the construction and management for NPPs engineering projects; organization of the operation, repair and related businesses for NPPs; organization of the design development and scientific research for NPPs; and engagement in related investment, import and export businesses.

For the scope of consolidated financial statements for the reporting period, please refer to Note (VII) “INTEREST IN OTHER ENTITIES”. For the changes in the scope of consolidation, please refer to Note (VI) “CHANGES IN CONSOLIDATION SCOPE”.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group adopts the Accounting Standards for Business Enterprises and relevant requirements promulgated by the Ministry of Finance of the People’s Republic of China (the “Ministry of Finance”), and discloses relevant financial information in accordance with the Rules on the Preparation and Report of Information Disclosure for Companies Publicly Issuing Securities No. 15 – General Requirements for Financial Reports (Revised in 2014) 《公開發行證券的公司信息披露編報規則第 15 號 – 財務報告的一般規定(2014 年修訂)》. In addition, the financial statements also include information disclosure according to the relevant requirements under the Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange.

Going concern

The Group has evaluated its ability of going concern for the next 12 months since January 1, 2022. There is no indication of major events that may affect the ability of going concern. Thus, the financial statements have been prepared under the assumption of going concern.

Basis of accounting and principle of measurement

The Group’s financial statements have been prepared on an accrual basis. Except for certain financial instruments which are measured at fair value, the financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

Under historical cost method, the amount of assets was measured at the fair value of cash or cash equivalents or consideration paid at the time of purchase. Liabilities were measured at the amount of money or assets and liabilities due to the current obligations actually received, or a present obligation of the contract amount, or the measurement of cash or cash equivalents in accordance with daily activities to repay the debts of the amount expected to be paid.

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. Whether fair value is observable or measured by valuation techniques, the measurement and disclosure in the financial statements were all based on it.

Fair value measurements are categorized into three levels 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 the Level 1 inputs, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect consolidated and the parent company's financial position of the Group as at December 31, 2021 and consolidated and the parent company's operating results and cash flows for 2021.

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from January 1 to December 31.

3. Operating cycle

Operating cycle refers to period from assets purchased for production to cash or cash equivalents realized.

4. Functional currency

Apart from the functional currency of the primary economic environment of 廣東核電合營有限公司 Guangdong Nuclear Power Joint Venture Co, Ltd. ("GNPJVC"), a subsidiary of the Company, being USD, the functional currency of the primary economic environment that the Company and its other subsidiaries operate in is RMB. The Company adopts RMB to prepare the financial statements.

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

If the Group obtains control of another or more companies (or a group of assets or net assets) which constitutes a business, such transaction or event constitutes a business combination. Business combinations are classified into business combination under common control and not under common control.

For transactions not involving enterprises under common control, the purchaser will consider whether to adopt the simplified judgment method of "concentration test" when determining whether the acquired assets combination constitute a business. If the combination passes the concentration test, it is determined not to constitute a business. If the combination fails the concentration test, it should still be determined according to business conditions.

When the Group acquires a set of assets or net assets that do not constitute a business, the purchase cost shall be allocated on the basis of the relative fair value of the identifiable assets and liabilities acquired on the purchase date, instead of the being accounted for using the following accounting treatment methods for business combinations.

(1) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained in the business combination are recognized at their carrying amounts at the date of merger as recorded by the ultimate controlling party. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination and/or aggregate face values of the shares issued is adjusted to the share premium in the capital reserves. If the share premium in the capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained profits.

Costs that are directly attributable to the business combination are charged to profit or loss when incurred.

(2) Business combinations not involving enterprises under common control and goodwill

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The combination costs shall be the fair value of the assets paid, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for the control over the acquiree. For business combinations not involving enterprises under common control realized step by step through multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The overhead for the business combination of the combining party, including the expenses for audit, legal services, assessment, and other administrative expenses, shall be recorded in profit or loss for the period when incurred.

Identifiable assets, liabilities and contingent liabilities of acquiree qualifying for the conditions of recognition acquired by the acquirer in business combination are measured at fair value on the acquisition date.

For the difference that the combination cost is larger than the portion of fair value of net identifiable assets of acquiree acquired in combination, it is recognized as goodwill as an asset, and initially measured at cost. For those with combination cost lower than the portion of fair value of net identifiable assets of acquiree acquired in combination, re-verification is first carried out on the measurement of the fair value of all identifiable assets, liabilities and contingent liabilities as well as the combination cost. For those with combination cost still lower than the portion of fair value of net identifiable assets of acquiree acquired in combination after re-verification, they are credited to profit or loss for the period.

Goodwill occurred as a result of business combination shall be recognized separately in the consolidated financial statements and measured at cost less accumulated impairment losses.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

6. Basis for preparation of consolidated financial statements

The scope of consolidated financial statements is determined on the basis of control. Control is achieved when the investor has power over the investee; is exposed, or has rights to receive variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. Once the relevant facts and situation changed that altered the elements define control, the Group shall reevaluate control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination involving enterprises not under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the accounting policies and accounting periods consistently set out by the Company.

The effects of all intra-group transactions between the Company and subsidiaries and among the subsidiaries are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the parent company is treated as non-controlling interests and presented as "non-controlling interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to non-controlling interests is presented as "non-controlling interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against non-controlling interests.

Acquisition of non-controlling interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts attributable to shareholders' of the parent company and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between the aggregate of the consideration received on disposal and the fair value of any retained interest(s) and the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognized as investment income in the period in which control is lost, and at the same time adjusted against goodwill. Except for the other comprehensive income arising from the change in net liabilities or net assets as a result of the remeasurement of defined benefit plan by the acquiree, other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

7. Classification of joint arrangements and accounting treatment for joint ventures

There are two types of joint arrangements – joint operations and joint ventures. The type of joint arrangements is determined based on the rights and obligations of joint operators to the joint arrangements by considering the factors, such as the structure, the legal form of the arrangements, and the contractual terms, etc. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement.

8. Standards for determining cash and cash equivalents

Cash comprises cash in hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Translation of transactions and financial statements denominated in foreign currencies

(1) Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period; and (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting.

Foreign currency non-monetary items measured at historical cost are translated into the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in profit and loss or as other comprehensive income.

(2) Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements with USD as the functional currency are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; owners' equity items are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at exchange rates that approximate the actual spot exchange rates on the dates of the transactions; the difference between the translated assets and the aggregate of liabilities and owners' equity items is recognized as other comprehensive income and included in shareholders' equity in the consolidated financial statements.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at an exchange rate which approximates the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the consolidated cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

The opening balances and the comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

On disposal of the Group's entire interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain interest in it or other reasons, the Group transfers the accumulated exchange differences arising on translation of financial statements of this foreign operation attributable to the shareholders' equity of the parent company and presented under shareholders' equity in the consolidated balance sheet, to profit or loss in the period in which the disposal occurs.

In case of a disposal or other reason that results in a reduction in the proportional interest held but does not result in losing control over a foreign operation, the proportionate share of accumulated exchange differences arising on translation of financial statements are re-attributed to non-controlling interests and are not recognized in profit and loss. For partial disposals of equity interests in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss.

10. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

For financial assets purchased and sold in regular way, the assets to be received or liabilities to be repaid on the settlement date are recognized on the transaction date, or the financial assets and receivables to be delivered on the settlement date are derecognized on the transaction date and the relevant profit or loss is recognized.

The financial assets and liabilities were initially recognized at fair value. For the financial assets and liabilities measured at fair value through profit or loss ("FVTPL"), related transaction expenses are charged to the profit or loss, for other financial assets and liabilities, related transaction expenses are included in the initial recognized amount. When initially recognized by the Group according to the Accounting Standards for Business Enterprises No.14 – Revenue" (the "New Standards for Revenue"), accounts receivable that do not contain a significant financing component or for which the financing component in the contract within 1 year is not considered are initially recognized at the transaction price defined under the New Standards for Revenue.

The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over each accounting period.

The effective interest rate is the rate that exactly discounts estimated future cash flow through the expected life of the financial asset or financial liability to the book balance of a financial asset or to the amortized cost of a financial liability. In determining the effective interest rate, expected cash flow is estimated after taking into account all contract terms of financial assets or financial liabilities, including early repayment, extension, call option or other similar options, without considering expected credit loss.

The amortized cost of financial assets or financial liabilities is calculated by deducting repaid principal amount from initially recognized amount of the financial assets or financial liabilities, adding or subtracting the accumulated amortization amount which is the amortized difference between the initial recognition amount and the amount at the expiry date using the effective interest rate method, then further deducting the accumulated impairment of loss (only applicable to financial assets).

(1) Classification, recognition and measurement of financial assets

(a) Classification of financial assets of the Group

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortized cost, at fair value through other comprehensive income ("FVTOCI"), or at FVTPL.

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial asset measured at amortized cost. Such financial asset mainly includes cash at bank and in hand, bills receivable, accounts receivable and other receivables, etc.

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows and sell the financial asset, such asset is classified into financial asset measured at FVTOCI. Such financial asset is presented as other debt investments. The debt investments due within 1 year (inclusive) from the balance sheet date are presented in non-current assets due within one year; other debt investments due within 1 year (inclusive) when they are acquired are presented in other current assets.

On initial recognition, the Group may, on the basis of individual financial asset, irrevocably designate equity instrument investments not held for trading (excluding contingent considerations) recognized in business combination not under common control as financial assets at FVTOCI. Such financial assets are stated as investment in other equity instruments.

Apart from the derivative financial assets presented in financial assets held for trading, financial assets at FVTPL includes financial assets at FVTPL and those designated as at FVTPL. The assets due more than 1 year and expected to be held for more than 1 year are presented in other non-current financial assets.

- Both financial assets fail to qualify as at amortized cost, and those classified as at FVTOCI are classified into financial assets at FVTPL.
- On initial recognition, the Group may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch and includes mixed contract conditions of embedded derivatives.

If a financial asset meets one of the following conditions, it is considered that such asset is held by the Group for trading:

- The purpose of obtaining such financial asset is mainly for selling in the near future.
- Such financial asset is part of the identifiable financial instrument portfolio that is centrally managed at initial recognition, and there is objective evidence that short-term profit model exists in the near future.
- Such financial asset is a derivative, except for derivatives that meet the definition given in the financial guarantee contract and derivatives that are designated as effective hedging instruments.

The business model for managing the financial assets refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows from managing financial assets will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In determining whether the contractual cash flows generated from a financial asset on a specific date are solely payments of principal and interest based on the principal amount outstanding, the Group assesses the characteristics of the contractual cash flows of such financial asset. For such purposes, "principal" is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(b) Subsequent measurement of financial assets of the Group

– Financial assets at amortized cost

Financial assets at amortized cost adopt the effective interest rate method and subsequently measured at amortized cost. Impairment, reclassification or gains or losses arising from derecognition is recognized in profit or loss.

The Group adopts the effective interest rate method to recognize interest income for financial assets at amortized cost. Interest income is calculated by the carrying amount of financial assets multiplied by effective interest rate, with the following exception:

- a purchased or originated credit-impaired ("POCI") financial asset, whose interest income is calculated since initial recognition by applying the credit-adjusted effective interest rate to its amortized cost.

– Financial assets at FVTOCI

Except for impairment losses or gains of financial assets classified as measured at FVTOCI, and interest income and exchange gains or losses calculated at effective interest rate recognized in profit or loss, the changes in fair value of the financial asset are recognized in the other comprehensive income. When the financial assets are derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in profit or loss.

After designating equity instrument investments not held for trading as financial assets at FVTOCI, changes in fair value of such financial assets are recognized in other comprehensive income. Upon derecognition, accumulated gains or losses previously recognized in other comprehensive income shall be transferred and included in retained earnings. In the duration of holding such equity instrument investments not held for trading, when the Group's right to receive dividends is established, economic benefits related to dividends are likely to flow into the Group, and the amount of dividends may be reliably measured, dividend income shall be calculated and recognized in profit or loss.

– Financial assets at FVTPL

Financial assets at FVTPL shall be subsequently measured at fair value. Relevant gains or loss as well as dividends and interest income related to such financial assets shall be recognized in profit or loss.

(2) Impairment of financial instruments

For financial assets measured at amortized cost, financial assets classified as measured at FVTOCI and contract assets, impairment shall be accounted for on the basis of expected credit loss and loss impairment shall be recognized, etc. The Group makes a loss allowance against amount of expected credit losses equal to the whole life of the contract assets or accounts receivable that exclude significant financing component or do not consider the financing component in the contract within one year arising from transactions adopting the New Standards for Revenue.

As for other financial instruments, other than purchased or POCI financial assets, the Group assesses the changes in credit risk of such financial instruments since the initial recognition at each balance sheet date. If the credit risk of such financial instrument has significantly increased since initial recognition, the Group shall make loss allowance equivalent to the amount of expected credit loss during its whole life; if the credit risk of such financial instrument has not significantly increased since initial recognition, the Group shall make loss allowance equivalent to the amount of expected credit loss for the next 12 months. Apart from financial assets classified as measured at FVTOCI, increase or reversal of credit loss allowance are recognized in profit or loss as impairment losses or gains. The Group recognizes the credit loss allowance of financial assets classified as measured at FVTOCI, while allowance losses or gains are recognized in profit or loss, without deducting its carrying amount stated in the balance sheet.

The Group has made a loss allowance against amount of expected credit losses equal to the whole life in the prior accounting period. However, at the balance sheet date, the credit risk on a financial instrument has not increased significantly since initial recognition; the Group will measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. Reversed amount of loss allowance arising from such circumstances shall be included in profit or loss as impairment gains.

– Significant increase of credit risk

The Group will make use of reasonable and supportable forward-looking information that is available to determine whether credit risk has increased significantly since initial recognition through comparing the risk of a default occurring on the financial instrument on the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

The Group will take the following factors into consideration when assessing whether credit risk has increased significantly:

- Debtor's failure to make payments of principal and interest on their contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- An actual or expected significant deterioration in the operating results of the debtor; and
- Existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Regardless if the above assessment indicates any significant changes in credit risk, if contractual payment of a financial instrument is over due by 30 days (inclusive), it is considered that the credit risk of such instrument has significantly increased.

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(All amounts in RMB unless otherwise stated)

– Credit-impaired financial assets

When the Group expected occurrence of one or more events which may cause adverse impact on future cash flows of a financial asset, the financial asset will become a credit-impaired financial asset. Objective evidence that a financial asset is impaired includes the following observable events:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (3) The creditor, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower, which would not be made under any other circumstances;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or the borrower;
- (6) Purchase or originate a financial asset with a large scale of discount, which reflects facts of credit loss incurred.

The Group considers that a default event has occurred when internal advice or externally obtained information indicates that financial instrument debtor is unable to fully repay the creditors including the Group, without consideration of any guarantees obtained by the Group.

Regardless of the results of the above assessment, the Group considers that a default event related to the financial instrument has occurred when contractual payment for such instrument is overdue by 90 days (inclusive).

– Determination of expected credit loss

The Group uses a provision matrix to determine the expected credit losses for relevant financial instruments based on a collective basis of bills receivable, accounts receivable and contract assets. The Group classifies financial instruments into different groups based on common risk characteristics. The common risk characteristics adopted by the Group include: types of financial instrument, credit risk ratings, remaining contract terms and industry in which the debtor operates, etc.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive.

The factors reflected in methods of measurement of expected credit losses of financial instruments include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; time value of money; reasonable and supportable information about past events, current conditions and forecasts on future economic status at balance sheet date without unnecessary additional costs or efforts.

– Write-down of financial assets

When the Group will no longer reasonably expect that the contractual cash flows of financial assets can be collected in aggregate or in part, the Group will directly write down the carrying amount of the financial asset. Such write-down constitutes derecognition of relevant financial assets.

(3) Transfer of financial assets

The Group derecognizes a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. The Group measures relevant liabilities as follows:

- For the transferred financial asset measure at amortized cost, the carrying amount of relevant liabilities equals to carrying amount of the continuously-involved transferred financial asset less amortized cost of rights retained by the Group (if the Group retains relevant right due to transfer of financial assets) plus amortized costs of the obligation assumed by the Group (if the Group retains relevant right due to transfer of financial assets), relevant liabilities shall not be designated as financial liabilities at FVTPL.
- For the transferred financial asset measure at fair value, the carrying amount of relevant liabilities equals to carrying amount of the continuously-involved transferred financial asset less fair value of rights retained by the Group (if the Group retains relevant right due to transfer of financial assets) plus fair value of the obligation assumed by the Group (if the Group assumes relevant obligation due to transfer of financial assets), the fair value of the right and obligation is fair value measured on stand-alone basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between the carrying amount of the financial asset transferred on the date of derecognition and the derecognition-related part of the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss. If the financial assets transferred by the Group are equity instrument not held for trading designated as financial assets at FVTOCI, cumulative gain or loss that has been recognized in other comprehensive income should be transferred from other comprehensive income to retained earnings.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is continuously involved, based on the respective fair values of those parts on transfer date. The difference between the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income and the carrying amount allocated to the part derecognized on derecognition date; and, is recognized in profit or loss. If the financial assets transferred by the Group are designated as equity instrument investment not held for trading at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are transferred to retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group will continuously recognize the transferred financial asset in its entirety. Considerations received due to transfer of assets shall be recognized as a liability upon receipts.

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(All amounts in RMB unless otherwise stated)

(4) Classification of financial liabilities and equity instruments

Financial instruments or its constituent parts issued by the Group are classified into financial liabilities or equity instruments on the basis of the contractual arrangements and the economic substance not only its legal form, together with the definition of financial liability and equity instruments.

(a) Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at FVTPL and other financial liabilities.

– Financial liabilities at FVTPL

Financial liabilities at FVTPL consist of financial liabilities held for trading (including derivatives included in financial liabilities) and those designated as at FVTPL. Other than derivative financial liabilities to be set out separately, financial liabilities at FVTOCI are stated as financial liabilities held for trading.

If a financial liability meets one of the following conditions, it is considered that such liability is held by the Group for trading:

- The financial liability was acquired principally for the purpose of repurchasing in near future.
- The financial liability is part of a portfolio of identifiable financial instruments upon initial recognition, and there is objective evidence that a recent actual pattern of short-term profit-making exists.
- The financial liability is a derivative instrument, except for derivatives meeting the definition of financial guarantee contract, or designated as an effective hedging instrument.

A financial liability may be designated as measured at FVTPL upon initial recognition when one of the following conditions is satisfied: (1) such designation can eliminate or significantly reduce accounting mismatches; (2) conduct management and performance evaluation on groups of financial liabilities or groups of financial assets and financial liabilities on a fair value basis, in accordance with the Group's formally documented risk management or investment strategy, and report to key management personnel on that basis; or (3) qualified mixed financial instrument with embedded derivatives.

Financial liabilities held for trading are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest expenses paid on the financial liabilities are recognized in profit or loss.

For financial liabilities designated as measured at FVTOCI, changes in fair value arising from the Group's own changes in credit risks are recognized in other comprehensive income, while other fair value changes are recognized in profit or loss. Upon derecognition, the cumulative changing amount of fair value arising from the Group's own changes in credit risks shall be transferred to retained earnings. Any dividend or interest expenses paid on the financial liabilities are recognized in profit or loss. If make treatment on effect of the changes in own credit risks by the aforesaid means which may cause or enlarge an accounting mismatch in profit or loss, the Group will recognize all gains or losses (including the affected amount arising from changes in the own credit risk) of the financial liability into profit or loss.

– Other financial liabilities

Other financial liabilities, except for financial liabilities arising from transfer of financial assets does not satisfy derecognition criteria or continue involvement of transferred financial assets, are subsequently measured at amortized cost, with gain or loss arising from derecognition or amortization recognized in profit or loss.

In the event that the Group and its counterparty modify or renegotiate the contract does not result in derecognition of a financial liability subsequently measured at amortized cost but result in changes in contractual cash flows, the Group will recalculate the carrying amount of the financial liability, with relevant gain or loss recognized in profit or loss. The Group will determine carrying amount of the financial liability based on the present value of renegotiated or modified contractual cash flows discounted at the financial liability's original effective interest rate. For all costs or expenses arising from modification or renegotiation of the contract, the Group will adjust the modified carrying amount of the financial liability and make amortization during the remaining term of the modified financial liability.

(b) Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

(c) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Change of fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders' equity.

(5) Derivatives

Derivative financial instruments include foreign currency forward contracts, currency swap contracts, interest rate swap contracts, etc. Derivatives are initially measured at fair value on the date of signing of such contracts, and subsequently measured at fair value.

(6) Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

11. Receivables**(1) Receivables for which bad debt provision is individually assessed:**

| | |
|---|---|
| Reason for individual provision for bad debts | If there exists objective evidence that the credit risk of certain individual receivable is significant, bad debt provision is individually assessed for such receivable. |
| Method for bad debt provision | To be impaired individually, and the difference between the present value of the estimated future cash flows and its carrying amount is used for bad debt provision. |

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(All amounts in RMB unless otherwise stated)

(2) Receivables for which bad debt provision is collectively assessed on a portfolio basis by credit risk characteristics:

Other than receivables for which bad debt provision is individually assessed, receivables are grouped based on portfolio with similar credit risk characteristics. The basis for determination and method of determining provision for bad debt of each portfolio are as follows:

| Name of portfolio | Basis of determining the portfolio |
|-------------------|--|
| Portfolio 1 | Amount from debtors simultaneously having a long-term cooperation history, no history of bad debt and sound state of operation |
| Portfolio 2 | Receivables other than Portfolio 1 |

Bad debt provision of above portfolios is made using expected credit loss model:

| Aging | Portfolio 1 | Portfolio 2 |
|---------------|-------------|-------------|
| Within 1 year | 0.30% | 0.30% |
| 1 to 2 years | 5% | 10% |
| 2 to 3 years | 20% | 30% |
| 3 to 4 years | 30% | 50% |
| 4 to 5 years | 50% | 80% |
| Over 5 years | 100% | 100% |

12. Inventories

(1) Classification of inventories

The Group's inventories mainly include raw materials, nuclear fuel, spare parts, products in stock, consigned processing materials and reusable materials. Inventories are initially measured at cost. Inventory costs include procurement costs, processing costs and other expenses incurred to enable the inventories to reach the present site and working condition.

(2) Valuation method of inventories upon delivery

Upon delivery of inventories, actual cost of nuclear fuel is calculated using the specific identification method based on the number of refuelling batches, and included in the production cost by installments at the period between the current fueling and the next refuelling based on the on-grid power generation. Actual costs of other inventories are calculated using the weighted average method or specific identification method, and are included in the production cost when they are actually consumed.

Reusable materials are materials that can be reused many times and still be remained in original condition after gradual transfer of their value but are not recognized as fixed assets, including packaging materials, low-value and short-lived consumables and other turnover materials. Packaging materials, low-value and short-lived consumables and other turnover materials are amortized by one-time write-off.

(3) Recognition of net realizable value of inventories and provision for inventory impairment

At the balance sheet date, inventories are calculated at the lower of cost and net realizable value. Provision for inventory impairment is made when the net realizable value is lower than the cost. Net realizable value represents the estimated selling price of inventories minus cost estimated to incur upon completion, estimated selling costs and relevant taxes during normal course of business. The net realizable value of inventory is determined based on the actual evidences obtained while the objectives of inventories holding and the impact of post balance sheet date event are also considered.

Provision for decline in value of inventories is made based on the excess of cost of inventory over its net realizable value on an item-by-item basis.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

(4) Inventory count system

The inventory count system shall be on a perpetual basis.

13. Held-for-sale assets

When the Group recovers the book value of a non-current asset or disposal group mainly by selling (including the exchange of non-monetary assets with commercial substance) rather than using such non-current asset or disposal group on a continuous basis, the non-current asset or disposal group is classified as held-for-sale.

Non-current assets or disposal groups classified as held-for-sale shall satisfy the following conditions:

- (1) according to the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately in the current condition;
- (2) the sale is highly likely, that is, the Group has made a decision on a sale plan and entered into a legally binding purchase commitment with other parties, and the sale is expected to be completed within one year.

Where the Group has lost control of a subsidiary due to reasons such as disposal of investment in a subsidiary regardless of the Group retaining part of equity investment after the disposal, upon the investment in subsidiary intended to be disposed of satisfying the conditions for classification as held-for-sale, the investment in subsidiary will be generally classified as held-for-sale in the parent's separate financial statements, and all assets and liabilities of the subsidiary is classified as held-for-sale in the consolidated financial statements.

The Group measures held-for-sale non-current assets or disposal groups at the lower of the net amount of the book value and fair value minus the cost of sale. If the book value is higher than the fair value minus the selling expenses, the book value shall be written down to the net amount after the fair value minus the selling expenses. The amount written down shall be recognized as asset impairment loss, and shall be included in the current profit or loss, and the provision for impairment of held-for-sale shall be made. If the net increase of the fair value of the held-for-sale non-current assets minus the selling expenses on subsequent statement of balance sheet date, the amount previously written down shall be recovered, and the amount of asset impairment loss recognized after being classified as held-for-sale shall be reversed, and the amount reversed shall be included in the current profit or loss.

Held-for-sale non-current assets or those in the disposal group are not depreciated or amortized, and the interest and other expenses on liabilities in the held-for-sale disposal group continue to be recognized.

The equity investment in associates or joint ventures is classified as held-for-sale assets in whole or in part, and the portion classified as held-for-sale shall be no longer measured under the equity method from the date of being classified as held-for-sale.

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14. Long-term equity investments

(1) Judgement criterion of determining joint control or significant influence over the investee

Control exists when the investor 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 over the investee to affect its returns. 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. Significant influence is the power to participate in the financial and operating policy decisions of an enterprise, except to control or joint control the formulation of such policies together with other parties. In determining whether there is control or significant influence over the investee, potential voting right factors (such as the convertible corporate bonds for the period and the exercisable stock warrants for the period of the investee and other invested units held) were taken into account.

(2) Determination of initial investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. If the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree in the consolidated financial statements of the ultimate controlling party. The aggregate face value of the shares issued is accounted for as share capital. The difference between the initial investment cost and the aggregate face value of the shares issued is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the cost of acquisition at the date of combination. For a business combination realized by more than one transaction and ultimately not under common control, different accounting methods are adopted by the criteria of whether those transactions are classified as "a bundle of transactions" or not. If yes, all transactions are deemed as one transaction getting control of the acquirer and are dealt with the relevant accounting method. If no, the Company regards the sum of carrying value of the equity investment of the acquirer plus added cost of investment as the initial cost of investment. For such carrying value of the equity investment, if it is accounted by method of equity, then the relevant other comprehensive income is not accounted for the period.

The intermediary fees incurred by the absorbing party or acquirer such as audit, legal, valuation and consulting fees, etc. and other related administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The long-term equity investment acquired otherwise than through a business combination is initially measured at cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, and the additional investment cost.

(3) Method for subsequent measurement and profit or loss recognition

- Long-term equity investments accounted for using the cost method
 Long-term equity investments in subsidiaries are accounted for using the cost method in the financial statements of the parent company. A subsidiary is an investee that is controlled by the Group.
 Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.
- Long-term equity investments accounted for using the equity method
 Except for all or part of the investment in associates and joint ventures classified as assets held for sale, the Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence; a joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement.
 Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.
 Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively, and adjust the carrying amount of the long-term equity investment accordingly; the carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Group; the share of the changes in owners' equity of the investee other than those arising from net profit or loss, other comprehensive income and profit distribution are recognized in the capital reserve and the carrying amount of the long-term equity investment is adjusted accordingly. The Group recognizes its share of the investee's net profit or loss after making appropriate adjustments based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Group, the Group shall adjust the financial statements of the investee to conform to its own accounting policies and accounting period, and recognize investment income and other comprehensive income based on the adjusted financial statements.
 For the Group's transactions with its associates and joint ventures where assets contributed or sold does not constitute a business, unrealized intra-group profits or losses are recognized as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.
 If the assets transfer made by the Group is classified as a business transaction, fair value of the asset transferred are recognized as initial cost of the additional long-term equity investment, and the difference between initial cost of investment and carrying value of asset transferred are taken in full amount into the current profit or loss, if the investor obtained long-term equity investment but not control over the investee. If the disposal of assets made by the Group is classified as a business transaction, the difference between consideration of assets sold and carrying value of the asset are taken in full amount into the current profit or loss. If assets purchased from associates and joint ventures are classified as business transactions, then full amount of profit or loss relating to the transaction are recognized, according to the requirements under the Accounting Standards for Business Enterprise No. 20 – Business Combination.

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The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the investee is reduced to zero, except to the extent that the Group has an obligation to assume additional losses, in which case, the provision shall be recognized at the obligation to be assumed and be included in investment loss incurred during the current periods. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

(4) Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognized in profit or loss for the period. For long-term equity investments accounted for using the equity method, if the remaining interest after disposal is still accounted for using the equity method, other comprehensive income previously recognized for using the equity method is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities, and transferred to profit or loss for the period on a pro rata basis; owners' equity recognized due to changes in other owners' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period on a pro rata basis. For long-term equity investments accounted for using the cost method, if the remaining interest after disposal is still accounted for using the cost method, other comprehensive income previously recognized for using the equity method or in accordance with the standards for the recognition and measurement of financial instruments before obtaining the control over the investee, is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities, and transferred to profit or loss for the period on a pro rata basis; changes in other owners' equity in the investee's net assets recognized under the equity method (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period on a pro rata basis.

For the remaining share equity after partial disposal which causes the Group to lose full control over the investee, equity method will be used to account and adjust for the remaining share equity as if they are accounted by the same method upon acquisition, if such equity enables the Group to exercise joint control or significant influences over the investee. If not, the difference between the fair value upon the date of losing control and the carrying value will be taken into the current profit or loss, according to the regulations of financial instrument recognition and measurement. For the other comprehensive income recognized by equity method or by financial instruments recognition and measurement before the Group takes control of the investee, the same basis the investee while disposing relative asset or liability will be adopted for accounting when the Group loses control over the investee, changes to shareholders' equity in the net asset of investee recognized by equity method, other than net profit or loss, other comprehensive income and profit distribution will be carried forward to the current profit or loss. Meanwhile, other comprehensive income and other shareholders' equity will be carried proportionately if the remaining share equity is accounted by equity method; and will be carried in full amount if the remaining share equity is accounted by financial instrument recognition and measurement.

The remaining share equity after partial disposal that causes the Group to lose joint control or significant influences over the investee are accounted by the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, difference between the fair value of such equity upon the date of losing control or significant influence and the carrying value will be taken into the current profit or loss. Other comprehensive income recognized using equity method for the previous share equity investment will be accounted using the same basis as the investee while disposing relative asset or liability, full amount of shareholders' equity recognized by other change to shareholders' equity other than net profit or loss, other comprehensive income or profit distribution will be taken into return on investment for the period when equity method stops being adopted.

15. Investment properties

Investment property refers to real estate held to earn rentals or for capital appreciation, or both, including leased land use rights, land use rights held and provided for transferring after appreciation and leased buildings, etc.

Investment property is initially measured at cost. Subsequent expenditures related to an investment property shall be included in cost of investment property only when the economic benefits associated with the asset will likely flow to the Group and its cost can be measured reliably. All other subsequent expenditures shall be included in profit or loss for the current period when incurred.

The Group adopts cost method for subsequent measurement of investment property, which is depreciated or amortized using the same policy as that for buildings and land use rights. An investment property is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of investment property are as follows:

| Category | Useful life | Estimated net residual value rate | Annual depreciation rate |
|--------------------------|---------------|-----------------------------------|--------------------------|
| Buildings and structures | 15 – 50 years | 5% | 1.90% – 6.33% |

When an investment property is sold, transferred, retired or damaged, the amount of proceeds on disposal of the property net of the carrying amount and related taxes is recognized in profit or loss for the current period.

16. Fixed assets

(1) Conditions for recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and have a useful life of more than one accounting period. Fixed assets are only recognized when their related economic benefits are likely to flow to the Group and their cost can be reliably measured. Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered.

A fixed asset that is ready for its intended use but before the final account for completed project is stated at cost and depreciated based on estimated value, which will be adjusted based on actual cost upon the final account for completed project without adjustment to the depreciation already made.

NPP decommissioning cost is recognized in the initial cost of fixed assets based on the discounted amount of the expected decommissioning expense. Two-third of the initial nuclear fueling costs as necessary expenses before the NPP is ready for its intended use are recognized in the construction cost of the NPP, and its depreciation is provided under the same method as the NPP. The remaining initial nuclear fueling expenses are recognized in the inventory, and are included in the production cost by installments at the period between the initial fueling and the next refuelling based on the on-grid power generation.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile, the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

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(2) Method for depreciation of different fixed assets

Fixed assets of the Group include nuclear power facilities and non-nuclear power facilities.

– Method for depreciation of nuclear power facilities

Method for classification and depreciation, estimated useful life and estimated net residual value of nuclear power facilities are as follows:

Except for the decommissioning costs of nuclear power facilities that are separately accounted for, other nuclear power facilities are classified into two categories: (I) the nuclear islands, regular islands and auxiliary systems, and (II) machinery, electricity, instruments, buildings and structures. Nuclear power facilities are depreciated using the units of production method, except for the buildings and structures that are depreciated using the straight-line method, since the month subsequent to the one in which it is ready for intended use. The net residual value rate of regular islands, auxiliary system and machineries is 5%, and the net residual value rate of other fixed-assets categorized as nuclear power facilities is zero.

The estimated useful lives of the nuclear power facilities of the Group are as follows:

| Category | Nuclear islands | Regular islands | Auxiliary systems |
|---|-----------------|-----------------|-------------------|
| Machinery | 30 – 60 years | 20 – 30 years | 20 – 30 years |
| Electricity | 15 – 20 years | 15 – 20 years | 15 – 20 years |
| Instruments | 10 – 15 years | 10 – 15 years | 10 – 15 years |
| Buildings | 40/60 years | 30 years | 30 years |
| Structures | 25 – 60 years | 25 years | 25 years |
| Decommissioning costs of nuclear power facilities | 40/60 years | N/A | N/A |

Calculations of depreciation by the units of production method are as follows:

Current depreciation rate=current actual on-grid power generation ÷ (current actual on-grid power generation + estimated on-grid power generation during remaining useful life)

Current depreciation amount=[cost of fixed assets as at the end of the period x (1 – estimated net residual value rate) – depreciated amount as at the beginning of the period – provision of fixed assets impairment] x current depreciation rate

– Method for depreciation of non-nuclear power facilities

Non-nuclear power facilities are depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of fixed assets of non-nuclear power facilities are as follows:

| Category | Useful life | Estimated net residual value rate | Annual depreciation rate |
|---|---------------|-----------------------------------|--------------------------|
| Building and structure for administration purpose | 20 – 50 years | 5% | 1.90% – 4.75% |
| Machinery and equipment | 5 – 15 years | 5% | 6.33% – 19.00% |
| Transportation vehicles | 5 years | 5% | 19.00% |
| Electronic equipment and office facilities | 5 years | 5% | 19.00% |
| Vessels | 25 years | 5% | 3.80% |

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

(3) Other explanations

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the current period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

17. Construction in progress

Construction in progress is measured based on the actual cost, including all expenditures incurred for construction projects, capitalized borrowing costs for the construction in progress before it is ready for its intended use, and other related expenses during the construction period. A construction in progress is not depreciated and is transferred to fixed assets when it is ready for its intended use.

18. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. If acquisition, construction or production of assets qualifying capitalization is interrupted abnormally for a continuous period of more than 3 months, the capitalization of borrowing costs should be ceased until the assets resume acquisition, construction or production. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings. During the capitalization period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognized in profit or loss in the period in which they are incurred.

19. Intangible assets

(1) Intangible assets

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized. The years of useful life of intangible assets are as follows:

| Category Useful | Useful life |
|-------------------------|---------------|
| Land use rights | 20 – 50 years |
| Computer software | 5 – 10 years |
| Patent rights | 10 – 20 years |
| Non-patented technology | 10 years |
| Sea area use rights | 50 years |
| Others | 5 – 37 years |

The estimated net residual values of intangible assets are zero. The Group shall review the finite useful life of an intangible asset and the amortization method applied at the end of the period and make adjustments when necessary.

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(2) Internal R&D expenditure

Expenditure arising from the research phase is accounted for in profit or loss for the current period when incurred.

Expenses incurred during the development stage that satisfy the following conditions are recognized as intangible assets, while those that do not satisfy the following conditions are accounted for in the profit or loss for the current period:

- (1) it is technically feasible that the intangible asset can be used or sold upon completion;
- (2) there is intention to complete the intangible asset for use or sale;
- (3) the intangible asset can produce economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset;
- (4) there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;
- (5) the expenses attributable to the development stage of the intangible asset can be measured reliably.

If the expenses incurred during the research stage and the development stage cannot be distinguished separately, all R&D expenses incurred are accounted for in the profit or loss for the current period.

20. Impairment of long-term assets

The Group assesses at each balance sheet date whether there is any indication that any long-term equity investments, investment properties, fixed assets, construction in progress, right-of-use assets and intangible assets with a finite useful life may be impaired. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for the individual asset. The intangible assets with infinite useful life and intangible assets that are not ready for intended use are tested for impairment yearly, regardless of any indication of impairment.

The recoverable amount should be estimated of the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. The recoverable amount of an asset is determined at the higher of the net amount after deducting the disposal expenses from the assets' fair value and the current value of the assets' estimated future cash flow.

If the recoverable amount of an asset is less than its carrying amount, a provision for impairment loss of the asset will be made for the reduction and is charged to profit or loss for the current period.

Goodwill is tested for impairment yearly. When conducting the impairment test for goodwill, the test is conducted through combination with its related asset group or portfolio of asset group. That is, the carrying amount of goodwill is reasonably allocated to the related asset group or each of asset group expected to benefit from the synergies of the combination from the acquisition date. If the recoverable amount of asset group or portfolio of asset group containing the allocated goodwill is lower than its carrying value, relevant impairment loss is recognized. The amount of impairment loss is first written down and allocated to the carrying amount of the goodwill of that asset group or portfolio of asset group, and is then written down to the carrying value of all other types of assets proportionally according to the weighting of the carrying value of all other types of assets other than goodwill within asset group or portfolio of asset group.

When recognizing the impairment loss of contractual costs related assets, other assets in relation to contractual costs that are recognized pursuant to other relevant corporate accounting standards shall take priority. For contractual costs related assets, the Group shall make provisions and recognize an impairment loss to the extent that the carrying amount of an asset exceeds: (1) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; (2) the estimated costs that relate to providing those goods or services.

Except for the impairment loss related to contractual costs, an impairment loss once recognized shall not be reversed in a subsequent period. The Group shall, after the impairment of contractual costs has been provided, recognized in profit or loss a reversal of the impairment loss previously recognized when the impairment conditions no longer exist or have improved. However, the increased carrying amount of the asset shall not exceed the carrying amount that would have been determined if no impairment loss had been recognized previously.

21. Long-term deferred expenses

Long-term deferred expenses are expenses which have incurred but shall be amortized over the current year and subsequent years of more than one year. Long-term deferred expenses are amortized evenly over the estimated benefit period.

22. Employee benefits

(1) Accounting treatment of short-term employee benefits

In the accounting period in which employees have rendered services, the Group shall recognize the short-term employee benefits that actually occurred as liability, and charged to profit or loss for the current period or cost of relevant assets. The Group shall recognize the amount of employee welfare that actually occurred and charged to profit or loss for the current period or cost of relevant assets. If the employee welfare expense is non-monetary welfare, it shall be measured according to its fair value.

During the accounting periods which employees rendered service, the Group makes contribution to medical insurance, work-related injury insurance, maternity insurance and other social security contributions and housing provident fund, and extracts for labor union funds and employees' education expenses as stipulated. Based on the required accrual basis and proportions in order to determine the appropriate amount of employee benefits, such employee benefits shall be recognized as corresponding liabilities, and charged to profit or loss during current period or cost of relevant assets.

(2) Accounting treatment of post-employment benefits

Post-employment benefits are classified into defined contribution plans and defined benefit plans.

For defined contribution plans, during the accounting periods which employees rendered service, the contribution payable to the plans shall be recognized as liability in profit or loss or as relevant asset cost.

For defined benefit plans, the Group assigns the welfare obligation generated from the defined benefit plans to the period of rendering services using the formula determined by the projected unit credit method, and includes it in the current profit or loss or related asset costs. Employee benefit costs generated from the defined benefit plans are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest of net liabilities or net assets of defined benefit plans (including interest income of planned assets, interest expenses of defined benefit plan liabilities and effect of asset ceiling); and
- Remeasurement of changes in net liabilities or net assets of defined benefit plans.

Service cost and net interest of net liabilities or net assets of defined benefit plans are included in the current profit or loss or related asset costs. Remeasurement of changes in net liabilities or net assets of defined benefit plans (including actuarial gains or losses, return on plan assets excluding the amount included in the net interest of net liabilities or net assets of defined benefit plans, and changes to the asset ceiling excluding the amount included in the net interest of net liabilities or net assets of defined benefit plans) is included in other comprehensive income.

Deficit or surplus generated from the present value of the obligation of defined benefit plan less the fair value of defined benefit plan asset is recognized as a net liability or a net asset of defined benefit plan.

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(3) Accounting treatment of termination benefits

When the Group provides termination benefits to employees, employee benefit liabilities are recognized for termination benefits, with a corresponding charge to the profit or loss for the period at the earlier of: when the Group cannot unilaterally withdraw the offer of termination benefits because of the termination plan or a curtailment proposal; or when the Group recognizes costs or expenses related to restructuring that involves the payment of termination benefits.

(4) Accounting treatment of other long-term benefits

For other long-term benefits, when meeting the determined conditions for withdrawal and deposit plan, the Group will conduct accounting treatment according to the determined withdrawal and deposit plan. For net liabilities and net assets of other long-term benefits apart from the above, the Group will conduct accounting treatment according to the determined benefit plan. As at the end of the reporting period, employee welfare cost of other long-term employee welfare are recognized as service cost, net interest of net liabilities or net assets of other long-term employee welfare and remeasurement of changes in net liabilities or assets of other long-term employee welfare, and the total amount of which is recognized in profit or loss or as relevant asset cost.

23. Provisions

Provisions are recognized when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the best estimate of provision is determined by discounting the related future cash outflows.

Where all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset only when it is virtually certain that reimbursement will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the provision.

The Group's provisions shall primarily consist of provision for NPP decommissioning and provision for low and medium level radioactive waste management.

(1) Provision for NPP decommissioning

Provision for NPP decommissioning is the expenses expected to be incurred in the process of the Group putting nuclear reactor systems out of service safely and permanently when they reach the end of their service lives, in order to ensure staff, the public and surrounding ecological environment being not subject to the hazards of the remaining radioactive substance and other potential risks. Provision for NPP decommissioning is estimated on the basis of best estimate, and the discounted amount shall be included in the initial cost of fixed assets.

(2) Provision for low and medium level radioactive waste management

Provision for low and medium level radioactive waste management is the expenses expected to be incurred in respect of disposal of low and intermediate level radioactive waste from NPP. Provision for low and medium level radioactive waste management shall be made on the basis of best estimate by adopting the accrual-basis principle.

24. Share-based payment

The share-based payments of the Group are transactions that grant equity instruments or assume equity-instrument based liabilities for receiving services rendered by employees. The share-based payments of the Company are cash-settled share-based payments.

(1) Cash-settled share-based payments

Cash-settled share-based payment is measured at the fair value of liabilities determined on the basis of shares or other equity instruments of the Group. As to a cash-settled share-based payment, if the right may be exercised immediately after the grant, relevant costs and expenses shall be included on the date of the grant, and the liabilities shall be increased accordingly. On each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Group. Fair value of the liabilities are remeasured and the changes are stated in profit or loss on each balance sheet date and settlement date before settlement of relevant liabilities.

(2) Accounting treatment of the implementation, modification and termination of share-based payments

If fair value of the granted equity instrument is increased by the Group's modifications to the share-based payment plans, the increase in fair value shall be accordingly recognized in the increase in service obtained. If the quantity of the granted equity instruments is increased by such modifications, the increase in fair value shall be accordingly recognized in the increase in service obtained. Increase in the fair value of equity instrument is the difference between such fair value on the date of modification before and after the modification. If aggregate fair value of share-based payments are reduced by the modification, or that terms and conditions of share-based plan is otherwise modified to the disadvantage of the employees, it is considered that such modification never took place and accounting treatment shall continue to be made for services obtained, unless the granted equity instrument is partially or entirely cancelled by the Group.

During the vesting period, where the granted equity instrument is cancelled, the Group shall accelerate the exercise of rights thereunder, recognizing the outstanding amount for the remainder of the vesting period in profit or loss, while recognizing capital reserve. If employees or other parties can choose to fulfil the non-vesting conditions but have not fulfilled them during the vesting period, then the equity-settled share-based payments are dealt with as cancelled.

25. Safe production expenses

Safe production expenses are provided by 中廣核工程有限公司 China Nuclear Power Engineering Co., Ltd. ("CGN Engineering") under the Measures on the Withholding and Usage of Safety Production Fees of Enterprises (Cai Qi [2012] No.16) (財企[2012]16 號《企業安全生產費用提取和使用管理辦法》) jointly issued by the Ministry of Finance and the State Administration of Work Safety on February 14, 2012, recognized in the costs of relevant products or profit or loss and transferred into specific reserves. When such safe production expenses are applied and related to revenue expenditures, specific reserve is directly offset. Where fixed assets are formed from the provision of safe production expenses, expenditure incurred under the collection of items "construction in progress" are recognized as fixed assets when completed safety projects reaching the working condition for its intended use. Meanwhile, specific reserves are written down based on costs of fixed assets formed, and accumulated depreciation of the same amount shall be recognized. No further provision for depreciation shall be made for such fixed assets in subsequent periods.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

26. Revenue recognition

The Group's revenue sources mainly include the following businesses:

- sales of electricity;
- construction, installation and design services;
- provision of labor services;
- sales of goods and others.

When the Group has implemented the performance obligation in the contract, namely, when the customer acquires controls over relevant goods or services, revenues will be recognized as per transaction prices allocated to such performance obligation. Performance obligation represents the Group's commitment to transfer distinct goods or services to the customer in the contract. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer.

For performance obligations to be satisfied over time, the Group recognizes revenue over time by measuring the progress towards completion if one of the following criteria are met: (1) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; (2) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; (3) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, the Group recognizes revenue when the customer obtains control of the related goods or services.

For performance obligations to be satisfied at a certain point in time, the Group recognizes revenue at the time of acquiring control of such goods. In judging if the customer has acquired control of the goods, the Group takes into consideration: (1) the Group has a present right to payment for the goods, as in the customer has a present obligation to payment for the goods; (2) the Group has transferred the legal ownership of the good to the customer, as in the customer has acquired the legal ownership of the good; (3) the Group has transferred physical possession of the good to the customer, as in the customer is in possession of the physical good; (4) the Group has transferred the major risks and rewards of the ownership of the good to the customer, as in the customer has acquired the major risks and rewards of the ownership of the good to the customer; (5) the customer has accepted the good; and (6) other indications that the customer has acquired control of the good.

For each performance obligation satisfied over time, the Group recognizes revenue over time by measuring the progress towards completion, except when progress cannot be reasonably determined. In determination of the progress towards completion in satisfying such obligations, the Group adopts the input method or output method based on the nature of business. When the performance progress cannot be determined, the Group is expected to be reimbursed for the costs already incurred and recognize the revenue based on the costs already incurred until the performance progress can be reasonably determined.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required).

For sales with quality assurance clause, if an individual service is rendered to the customer under such clause beyond providing the customer with goods or services meeting the established criteria, the quality assurance clause shall constitute a single performance obligation. Otherwise, accounting treatments shall be made according to the quality assurance liability under the Accounting Standards for Business Enterprises No.13 – Contingencies.

The Group judges its status as the main responsible party or proxy in a transaction based on whether the Group had control over the good or service prior to transferring to the customer. Where the Group had control over the good or service prior to transferring to the customer, the Group is the main responsible party, and total received or receivable consideration shall be recognized as revenue; otherwise, the Group is the proxy, and the commission or fee expected to receive shall be recognized as revenue, which is determined by deducting net payable to other parties from the total received or receivable consideration.

For receipt in advance from customers for the provision of good or service, the amount shall initially be recognized as liability, and converted into revenue when relevant performance obligations are satisfied. When it is unnecessary for the Group to return the receipt in advance and the customer may forfeit all or part of his/her contractual rights, and that the Group is entitled to the amount in respect of the contractual rights forfeited by the customer, such amount shall be recognized as revenue in proportion to the pattern of rights exercised by the customer. Otherwise, the Group only recognizes such balance of the above liability as revenue when it becomes highly unlikely that customers would demand the fulfilling of the remaining performance obligation.

(1) Revenue from sales of electricity

Revenue from sales of electricity is the primary component of revenue from sales of goods of the Group. Revenue is recognized when electricity of the Group is transferred to the grids stipulated in the electricity sales contracts, as in when the customer acquires control of the electricity.

(2) Revenue from construction, installation and design services

The Group adopts the input method to appropriately determine the progress to completion of satisfying performance obligation for construction, installation and design services. Input method is a way to determine the progress to satisfying the performance obligation based on the Group's input, for which the Group adopts costs incurred as the indicator of input. Revenue is recognized at the amount calculated by total transaction price under the contract at the date of balance sheet multiplied by progress in satisfying the performance obligation, and further deducting recognized revenue from prior accounting periods. When progress cannot be reasonably determined and the incurred costs is expected to be compensated, revenue is recognized according to costs already incurred until the reasonable determination of progress becomes practicable.

(3) Provision of labor service

The Group adopts the output method to appropriately determine the progress to completion of satisfying performance obligation for the provision of labor services. Output method is a way to determine the progress to satisfying the performance obligation based on the value of goods transferred to the customer, for which the Group adopts milestones reached as the indicator of output. Revenue is recognized at the amount calculated by total transaction price under the contract at the date of balance sheet multiplied by progress in satisfying the performance obligation, and further deducting recognized revenue from prior accounting periods. If the result of labor transaction cannot be reliably estimated, labor revenue is recognized at labor costs already incurred or that which can be compensated, and the labor costs incurred shall be stated as current expense. Labor costs already incurred not expected to be compensated shall not be recognized as revenue.

(4) Sale of goods

Revenue is recognized when the goods of the Group are delivered to the venue of the customer and the customer has accepted such goods, as in when the customer acquires control of the goods.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

27. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. Government grants are recognized when prescribed conditions are satisfied and they will be received without uncertainties.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government subsidy is a non-monetary asset, it should be measured at its fair value. If its fair value cannot be obtained in a reliable way, it should be measured at its nominal amount. Government grants measured at nominal amount are directly recognized in profit or loss.

(1) Determination basis and accounting treatment of government grants related to assets

A government grant related to an asset is recognized as deferred income, and evenly amortized to current profit or loss over the useful life of the related asset.

(2) Determination basis and accounting treatment of government grants related to income

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the period in which the related costs or loss are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period. If the nature of the government grants are difficult to differentiate, such grants are wholly classified under government grants related to income.

A government grant related to Group's business activities, is recognized as other income based on the substance of economic activities. A government grant non-related to the Group's business activities, is recognized as non-operating income.

For the repayment of a government grant already recognized, if there is any balance of related deferred income, the repayment shall be written-off against the book balance of deferred income, and any excess shall be recognized in profit or loss for the period.

28. Deferred tax assets/deferred tax liabilities

Income tax expenses include current income tax and deferred income tax.

(1) Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods shall be measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

(2) Deferred tax assets and deferred tax liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of 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 taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in shareholders' equity, in which case they are recognized in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

(3) Offsetting of income tax

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities of the Group are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

29. Leases

A lease refers to a contract in which a lessor assigns the right to use an asset to a lessee within a certain period of time to obtain consideration.

At the commencement date of a contract, the Group evaluates whether the contract is a lease or contains a lease. Unless the contract terms and conditions change, the Group does not reassess whether the contract is a lease or contains a lease.

(1) The Group as a lessee

(a) Allocation of leases

For a contract that contains one or more lease component and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components.

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(All amounts in RMB unless otherwise stated)

(b) Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset provided by the lessor is available for use by the Group). The right-of-use asset is initially measured at cost. This cost includes:

- the initial measurement amount of the lease liabilities;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- any initial direct costs incurred by the Group;
- an estimate of costs to be incurred by the Group in demolition and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Group makes provisions for depreciation of right-of-use assets according to the relevant depreciation requirements in the Accounting Standards for Business Enterprises No. 4 – Fixed Assets. Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated over the shorter of its estimated useful life and the lease term.

The Group determines whether a right-of-use asset has been impaired in accordance with the Accounting Standards for Business Enterprises No. 8 – Asset Impairment and accounts for the identified impairment losses.

(c) Lease liabilities

At the commencement date of a lease, the Group initially measures the lease liabilities at the present value of lease payments that are unpaid at that date, except for short-term leases and low-value asset leases. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate. If the interest rate implicit in the lease is not readily determinable, the incremental borrowing rate is used as the discount rate.

Lease payment refers to the amount paid by the Group to the lessor relating to the right to use an underlying asset during the lease term, including:

- fixed payments and in-substance fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate;
- amounts expected to be paid under residual value guarantees.

After the commencement date of the lease term, the Group calculates the interest expense of the lease liabilities for each period of the lease term based on a fixed periodic interest rate, and included it in the current profit or loss or the cost of underlying assets.

After the commencement date of the lease term, the Group re-measures the lease liabilities and adjusts the corresponding right-of-use asset in the following circumstances. If the carrying value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group will calculate the difference into the current profit or loss:

- The Group re-measures the lease liabilities based on the present value of the post-change lease payments and the revised discount rate as a result of changes in the lease term or changes in the purchase option;
- The Group re-measures the lease liabilities based on the present value of the changed lease payments and the original discount rate, based on the amount of the amount payable or the index or proportion used to determine the lease payments.

(d) Short-term leases and leases of low-value assets

The Group decides not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. Short-term leases are leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. A lease of low-value asset refers to a single lease asset, when new, is of low value. Lease payments on short-term leases and leases of low-value assets are recognized in the current period profit or loss or the cost of underlying assets on a straight-line basis over the lease term.

(e) Lease modifications

The Group accounts for as a separate lease when the lease changes and the following conditions are met at the same time:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets;
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For lease changes that are not accounted for as a separate lease, the Group will reallocate the consideration of the contract after the change on the effective date of the lease change, and re-determine the lease term, and the lease liability shall be remeasured at the present value calculated based on the changed lease payment amount and the revised discount rate.

If the modification of lease results in a narrower scope of lease or a shorter lease term, the Group reduces the carrying value of the right-of-use assets to reflect the partial or complete termination of the lease. The Group recognizes the gain or loss relevant to the partial or complete termination of the leases in the current profit or loss. For other modification of lease, the Group adjusts the carrying value of the right-of-use assets accordingly.

(2) The Group as a lessor**(a) Allocation of leases**

Where the contract includes both the lease and non-lease components, the Group apportions the contract consideration according to the provisions of the Accounting Standards for Business Enterprises No. 14 – Revenue on the transaction price allocation. The basis of the apportionment is the individual selling price of the leased part and the non-lease part.

(b) Classification of leases

A lease that substantially transfers almost all the risks and rewards related to the ownership of leased assets is a financial lease. Leases other than finance leases are operating leases.

- The Group records the operating lease business as a lessor
During each period of the lease term, the Group recognizes the lease payments from operating leases as rental income using the straight-line method. The initial direct expenses incurred by the Group in relation to the operating leases are capitalized and allocated in the current period profit or loss by instalments during the lease term on the same basis as the recognition of rental income.

The variable lease payments received by the Group in connection with the operating leases that are not included in the lease payments are recognized in profit or loss in the period in which they are incurred.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

30. Major accounting estimates and judgments

The preparation of the consolidated financial statements requires the management of the Group to make estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Key assumptions of the estimates and judgments of uncertainties are reviewed on an ongoing basis by the management of the Group. The effects of changes in accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Except for the accounting estimates in relation to the depreciation and amortization of assets such as investment properties, fixed assets, intangible assets and long-term deferred expenses (see Notes (III) 15, 16, 19 and 21) and the impairment of various assets (see Notes (V) 4, 7, 8, 9, 14, 15, 16, 17, 18 and 20, and Notes (XV) 1 and 2), the other major accounting estimates are as follows:

- (a) Revenue recognition — As stated in Note (III) 26, the Group recognizes the revenue related to the construction, installation and design services and provision of labor service over a period of time. The recognition of the relevant revenue and profits depends on the Group's estimates of the contract results and the performance of progress. If the total revenue and total cost actually incurred are higher or lower than the estimated value of the management, it will affect the amount of revenue and profit to be recognized by the Group in the future.
- (b) Note (V) 20 – Recognition of deferred tax assets;
- (c) Note (V) 34 – Post-employment benefits of defined benefit plan;
- (d) Note (V) 35 – Provisions;
- (e) Note (IX) - Disclosure of fair value; and
- (f) Note (XI) - Share-based payment.

31. Changes in significant accounting policies

(1) Content and reason of accounting policy changes

The requirements of the Accounting Standards for Business Enterprises which came into effect in 2021 and were relevant to the Group are as follows:

- Notice on Adjusting the Scope of Application of the "Covid-19 – Related Rent Concessions" (Cai Kuai [2021] No. 9) 《關於調整<新冠肺炎疫情相關租金減讓會計處理規定>適用範圍的通知》(財會[2021]9 號)
- Interpretation No. 14 of the Accounting Standards for Business Enterprises (Cai Kuai [2021] No.1) 《企業會計準則解釋第 14 號》(財會[2021]1 號)) ("Interpretation No. 14")
- Requirements of the "Presentation Related to Centralized Management of Funds (關於資金集中管理相關列報)" in Interpretation No. 15 of the Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 35) 《企業會計準則解釋第 15 號》(財會[2021]35 號)) ("Interpretation No. 15")

(a) Cai Kuai [2021] No. 9

COVID-19 – Related Rent Concessions (Cai Kuai [2020] No. 10) 《新冠肺炎疫情相關租金減讓會計處理規定》(財會[2020]10 號)) provides a simplified method for rent concession directly caused by the COVID-19 pandemic when certain conditions are met. Based on Cai Kuai [2021] No. 9, the rent concession period for such simplified method is applicable to the lease payables before June 30, 2022. The adoption of such regulation does not have a significant impact on the Group's financial position and operating results.

(b) Interpretation No. 14

Interpretation No. 14 came into effect on January 26, 2021 (effective date).

- (i) Public-private-partnership projects
Interpretation No.14 specified the characteristics and conditions of the public-private-partnership (PPP) projects, and stipulated the specific accounting treatment and disclosure requirements for social capital on contracts of PPP projects. The content in relation to “V. Arrangement for an Enterprise Participating in the Construction of Public Infrastructure under the Build-Operate-Transfer (BOT) model” in the Interpretation No. 2 of the Accounting Standards for Business Enterprises (Cai Kuai [2008] No.11) 《企業會計準則解釋第 2 號》(財會[2008]11 號)) was abolished at the same time.
- (ii) Interest rate benchmark reform
Interpretation No.14 specified the relevant changes in the accounting treatment and disclosure requirements in relation to the financial instruments and lease liabilities caused by the interest rate benchmark reform. The adoption of such interpretation does not have a significant impact on the Group’s financial position and operating results.
- (c) **Requirements of “Presentation Related to Centralized Management of Funds” in Interpretation No. 15**
The requirements of “Presentation Related to Centralized Management of Funds” in Interpretation No. 15 came into effect on December 30, 2021.
The adoption of above requirements does not have a significant impact on the Group’s financial position and operating results.
The impacts of the above accounting policy on the items in the balance sheet of the parent company as at December 31, 2021 are summarized as follows:

| | Increase/(decrease) in amount of statement items using the changed accounting policy Parent company |
|-----------------------|--|
| Other payables | 8,298,941,102.65 |
| Short-term borrowings | (8,298,941,102.65) |

The impacts of the above accounting policy on the items in the balance sheet of the parent company as at December 31, 2020 and January 1, 2020 are summarized as follows:

| | Parent company | | | |
|-----------------------|---|---|--|--|
| | Carrying amount before adjustment as at December 31, 2020 | Adjusted amount as at December 31, 2020 | Carrying amount after adjustment as at December 31, 2020 | Carrying amount after adjustment as at January 1, 2020 |
| Liabilities: | | | | |
| Short-term borrowings | 6,017,372,311.07 | (6,017,372,311.07) | - | - |
| Other payables | 114,960,018.44 | 6,017,372,311.07 | 6,132,332,329.51 | 11,877,725,095.67 |

The adoption of the above accounting policy does not affect the items in the parent company’s income statement in 2021 and 2020 and the items in the owners’ equity at the beginning and end of 2020.

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(IV) TAXATION

1. Main tax categories and tax rates

| | Taxation basis | Tax rate |
|--|---|---------------------------------------|
| Value-added tax (VAT) | (Note 1) | Exempted, 3%, 5%, 6%, 9%, 11%, 13% |
| Education surcharges | Paid-in VAT | 3% |
| Local education surcharges | Paid-in VAT | 2% |
| Urban maintenance and construction tax | Paid-in VAT | 1%, 5%, 7% |
| Real estate tax | Tax basis under relevant tax law (Note 2) | 1.2% or 12% |
| Enterprise income tax | Taxable income | 25%, 20%, 15% |

Note 1: VAT payable is output tax minus deductible input tax, and the output tax is calculated based on sales and applicable VAT tax rate as determined by relevant tax law.

The revenue from sales of electricity of the subsidiaries of the Company, namely Guangdong Nuclear Power Investment Co., Ltd. ("GNIC"), GNPJVC, Yangxi Nuclear Power Limited (陽西核電有限公司), Fujian Ningde Nuclear Power Co., Ltd. (福建寧德核電有限公司) ("Ningde Nuclear"), Ling'ao Nuclear Power Co., Ltd. (嶺澳核電有限公司) ("Ling'ao Nuclear"), Lingdong Nuclear Power Co., Ltd. (嶺東核電有限公司) ("Lingdong Nuclear"), Yangjiang Nuclear Power Co., Ltd. (陽江核電有限公司) ("Yangjiang Nuclear"), Taishan Nuclear Power Joint Venture Co., Ltd. (台山核電合營有限公司) ("Taishan Nuclear"), Guangxi Fangchenggang Nuclear Power Co., Ltd. (廣西防城港核電有限公司) ("Fangchenggang Nuclear"), CGN Power Sales Co., Ltd. (中廣核電力銷售有限公司) ("Power Sales Company") and Fujian Ninghe Power Sales Co., Ltd. (福建寧核售電有限公司), was subject to VAT. The revenue from sales of goods or equipment of the subsidiaries of the Company, namely China Nuclear Power Technology Research Institute (中廣核研究院有限公司) ("CNPRI"), Suzhou Nuclear Power Research Institute (蘇州熱工研究院有限公司) ("SNPI"), China Nuclear Power (Beijing) Simulation Technology Corporation Ltd. (中廣核(北京)仿真技術有限公司) ("CNPSTC"), CGN Engineering, China Nuclear Power Design Co., Ltd. (Shenzhen) (深圳中廣核工程設計有限公司) ("CGN Design"), GNPJVC, Ningde Nuclear, Ling'ao Nuclear, Lingdong Nuclear, Yangjiang Nuclear, Taishan Nuclear, Fangchenggang Nuclear, CGN Inspection Technology Co., Ltd. (中廣核檢測技術有限公司) ("Inspection Company"), China Nuclear Power (Shenzhen) Operational Technology and Radiation Monitoring Co., Ltd. (中廣核(深圳)運營技術與輻射監測有限公司) ("Radiation Monitoring Company"), Worldwide Engineering CGNPC AREVA Nuclear Co., Ltd. (中核國際核能工程有限公司) ("Worldwide Engineering") and CGN Import & Export Co., Ltd. (中廣核電進出口有限公司), was subject to VAT. Revenue from repair service of China Nuclear Power Operations Co., Ltd. (中廣核核電運營有限公司) ("CGN Operations"), a subsidiary of the Company, was subject to VAT. The applicable VAT tax rate of the revenue from aforesaid business was 13%.

Revenue from newspaper and magazine publication of SNPI, a subsidiary of the Company, was subject to VAT at 9% using the general tax calculation method. Revenue from leasing offshore wind power installation platforms of CGN Engineering, a subsidiary of the Company, was subject to VAT at 9% using the general tax calculation method. Revenue from the production and supply of thermal power of Guizhou Yuping Clean Thermal Energy Co., Ltd. (貴州玉屏清潔熱能有限公司), a subsidiary of the Company, was subject to VAT at 9% using the general tax calculation method. The real estate rental income of Ling'ao Nuclear, Lingdong Nuclear, Fangchenggang Nuclear, Ningde Nuclear and GNPJVC and certain real estate rental income of SNPI was subject to VAT at 9% using the general tax calculation method. The real estate rental income of the subsidiaries of the Company, namely Inspection Company, GNIC, Yangjiang Nuclear, CNPRI and CGN Engineering and certain real estate rental income of SNPI, was subject to VAT at 5% using a simple tax computation method.

Revenue from technical service of the subsidiaries of the Company, namely CNPRI, CNPSTC, SNPI, Radiation Monitoring Company, Inspection Company, CGN Engineering, CGN Design, Worldwide Engineering, Guangdong Daya Bay Nuclear Power Environment Protection Company Co., Ltd. (廣東大亞灣核電環保有限公司) and CGN Operations, was subject to VAT. Entrusted loan interest income of the subsidiaries of the Company, namely Fangchenggang Nuclear, Ling'ao Nuclear, Lingdong Nuclear, Yangjiang Nuclear, SNPI, GNIC, Radiation Monitoring Company, CGN Operations, Inspection Company, Power Sales Company, Guangxi Fangchenggang CGN Nuclear Power Industry Investment Co., Ltd. (廣西防城港中廣核核電產業投資有限公司) ("Fangchenggang Investment"), GNPJVC and Guangxi Fanghe Power Sale Co., Ltd. (廣西防核售電有限公司), was subject to VAT. Revenue from outages service of the subsidiaries of the Company, namely 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"), CGN Operations and Yangjiang Nuclear, was subject to VAT. Revenue from training of the subsidiaries of the Company, namely DNMC, CGN Operations, Yangjiang Nuclear and Fangchenggang Nuclear, was subject to VAT. Revenue from human resources services of DNMC, a subsidiary of the Company, was subject to VAT. Revenue from supervision of Shenzhen Hepeng Project Supervision Co., Ltd. (深圳市核鵬工程監理有限責任公司) ("Hepeng Supervision Company"), a subsidiary of the Company, was subject to VAT. Revenue from the interest income from the funds lending of Taishan Nuclear Power Industry Investment Co., Ltd. (台山核電產業投資有限公司) ("Taishan Investment"), a subsidiary of the Company, was subject to VAT. Revenue from accommodation service of the subsidiaries of the Company, namely Fangchenggang Nuclear and Ningde Nuclear, was subject to VAT. Revenue from training service of Ningde Nuclear, a subsidiary of the Company, was subject to VAT. The applicable VAT tax rate of the revenue from aforesaid business was 6%.

Revenue from construction contracts provided by way of projects with self-supplying materials and old construction projects of CGN Engineering, a subsidiary of the Company, was subject to VAT at 3% using a simple tax computation method, while revenue from other construction contracts of CGN Engineering, CGN Design and SNPI was subject to tax rate at 9% using the general tax calculation method.

The subsidiaries of the Company, namely CGN Ninghe Investment Co., Ltd. (中廣核寧核投資有限公司), CGN Nuclear Power Investment Co., Ltd. (中廣核核電投資有限公司), CGN Hebei Thermal Power Co., Ltd. (中廣核河北熱電有限公司) (“Hebei Thermal Power”) and 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), were subject to VAT at 3% of taxable income of small-scale taxpayers under the tax law.

The Company’s subsidiary, namely Guangxi Fanghe Power Sales Co., Ltd. (廣西防核售電有限公司), was a small-scale VAT taxpayer with monthly sales less than RMB0.1 million from January to September and was exempt from VAT, and was subject to VAT at 3% as a small-scale VAT taxpayer for power sales from October to November. It became a general taxpayer in December and was subject to VAT at 13% for power sales.

Note 2: Self-occupied properties are subject to tax at 1.2% per year, with residual value after a one-time deduction of 10%-30% as tax basis; while leased properties are subject to tax at 12% per year, with the real estate lease income as tax basis.

2. Tax preference

VAT “levy first, refund later” policy

Pursuant to the Circular on Relevant Issues Concerning Taxation in Nuclear Power Industry (Cai Shui [2008] No. 38) 《關於核電行業稅收政策有關問題的通知》(財稅[2008]38 號) issued by the Ministry of Finance and State Administration of Taxation, sales of electrical products of the Company’s subsidiaries, namely Lingdong Nuclear, Yangjiang Nuclear, Ningde Nuclear, Fangchenggang Nuclear and Taishan Nuclear, were entitled to the VAT “levy first, refund later” policy within 15 years from the second month to the commencement of commercial production of their power generating units, with the refund ratio gradually decreasing in three phases. Within 5 years from the second month to the commencement of commercial production, refund ratio is 75% of deposited tax; between 6th to 10th years from the second month to the commencement of commercial production, refund ratio is 70% of deposited tax; and between 11th to 15th years from the second month to the commencement of commercial production, refund ratio is 55% of deposited tax. After 15 years from the second month to the commencement of commercial production, the “levy first, refund later” policy is no longer applicable.

The stages of VAT “levy first, refund later” policy applicable to each generating unit are as follows:

| Applicable generating unit | 75% tax refund | 70% tax refund | 55% tax refund |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Lingdong Unit 3 | October 2010-September 2015 | October 2015-September 2020 | October 2020-September 2025 |
| Lingdong Unit 4 | September 2011-August 2016 | September 2016-August 2021 | September 2021-August 2026 |
| Yangjiang Unit 1 | April 2014-March 2019 | April 2019-March 2024 | April 2024-March 2029 |
| Yangjiang Unit 2 | July 2015-June 2020 | July 2020-June 2025 | July 2025-June 2030 |
| Yangjiang Unit 3 | February 2016-January 2021 | February 2021-January 2026 | February 2026-January 2031 |
| Yangjiang Unit 4 | April 2017-March 2022 | April 2022-March 2027 | April 2027-March 2032 |
| Yangjiang Unit 5 | August 2018-July 2023 | August 2023-July 2028 | August 2028-July 2033 |
| Yangjiang Unit 6 | August 2019-July 2024 | August 2024-July 2029 | August 2029-July 2034 |
| Ningde Unit 1 | May 2013-April 2018 | May 2018-April 2023 | May 2023-April 2028 |
| Ningde Unit 2 | June 2014-May 2019 | June 2019-May 2024 | June 2024-May 2029 |
| Ningde Unit 3 | July 2015-June 2020 | July 2020-June 2025 | July 2025-June 2030 |
| Ningde Unit 4 | August 2016-July 2021 | August 2021-July 2026 | August 2026-July 2031 |
| Fangchenggang Unit 1 | February 2016-January 2021 | February 2021-January 2026 | February 2026-January 2031 |
| Fangchenggang Unit 2 | November 2016-October 2021 | November 2021-October 2026 | November 2026-October 2031 |
| Taishan Unit 1 | January 2019-December 2023 | January 2024-December 2028 | January 2029-December 2033 |
| Taishan Unit 2 | October 2019-September 2024 | October 2024-September 2029 | October 2029-September 2034 |

VAT immediate refund policy

Pursuant to the Notice on Publishing the Policies on Further Encouraging the Development of Software and Integrated Circuits Industry (Guo Fa [2011] No. 4) 《關於印發進一步鼓勵軟件產業和集成電路產業發展若干政策的通知》(國發[2011]4 號) issued by the State Council, and the Notice on the Value-added Tax Policy of Software Products (Cai Shui [2011] No. 100) 《關於軟件產品增值稅政策的通知》(財稅[2011]100 號) issued by the Ministry of Finance and the State Administration of Taxation, the income from selling software products developed by CNPSTC shall be subject to value-added tax at a statutory tax rate, and an immediate refund policy shall be adopted for the portion exceeding 3% of the actual tax burden.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

Income tax incentives

Pursuant to the PRC Enterprise Income Tax Law, the subsidiaries or generating units of the Group enjoying preferential enterprise income tax policies are as follows:

| Name of company or generating unit | Preferential tax rate applicable for the current year | Preferential tax rate applicable for the previous year | Reason for tax incentives |
|------------------------------------|---|--|---|
| Yangjiang Unit 2 | N/A | 12.50% | Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation |
| Yangjiang Unit 3 and Unit 4 | 12.50% | 12.50% | Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation |
| Yangjiang Unit 5 | 12.50% | Exempted | Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation |
| Yangjiang Unit 6 | Exempted | Exempted | Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation |
| Fangchenggang Unit 1 and Unit 2 | 7.50% | 7.50% | Western development enterprise income tax preferential policy and tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation |
| Ningde Unit 3 | N/A | 12.50% | Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation |
| Ningde Unit 4 | 12.50% | 12.50% | Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation |
| Taishan Unit 1 | 12.50% | Exempted | Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation |
| Taishan Unit 2 | Exempted | Exempted | Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation |
| GNPJVC | 15% | 15% | Preferential tax policy for high-tech enterprises |
| Ling'ao Nuclear | 15% | 15% | Preferential tax policy for high-tech enterprises |
| Lingdong Nuclear | 15% | 15% | Preferential tax policy for high-tech enterprises |
| CNPRI | 15% | 15% | Preferential tax policy for high-tech enterprises |
| CNPSTC | 15% | 15% | Preferential tax policy for high-tech enterprises |
| SNPI | 15% | 15% | Preferential tax policy for high-tech enterprises |
| Inspection Company | 15% | 15% | Preferential tax policy for high-tech enterprises |
| Radiation Monitoring Company | 15% | 15% | Preferential tax policy for high-tech enterprises |
| CGN Engineering | 15% | 15% | Preferential tax policy for high-tech enterprises |
| CGN Design | 15% | 15% | Preferential tax policy for high-tech enterprises |
| CGN Operations | 15% | 15% | Preferential tax policy for high-tech enterprises |

| Name of company or generating unit | Tax rate applicable for the current year | Tax rate applicable for the previous year | Policy for tax incentives |
|--|--|---|---|
| Hebei Thermal Power | 20% | 20% | Preferential enterprise income tax policy for small profit-making enterprises |
| Sansha Advanced Energy Co., Ltd. (三沙先進能源有限公司) | 20% | 20% | Preferential enterprise income tax policy for small profit-making enterprises |
| Guangdong Daya Bay Nuclear Power Environment Protection Company Co., Ltd. (廣東大亞灣核電環保有限公司) | 20% | 20% | Preferential enterprise income tax policy for small profit-making enterprises |
| CGN Import & Export Co., Ltd. (中廣核電進出口有限公司) | 20% | 20% | Preferential enterprise income tax policy for small profit-making enterprises |
| Hepeng Supervision Company | 20% | 20% | Preferential enterprise income tax policy for small profit-making enterprises |
| Fujian Ninghe Power Sales Co., Ltd. (福建寧核售電有限公司) | 20% | 20% | Preferential enterprise income tax policy for small profit-making enterprises |

Note: Pursuant to the PRC Enterprise Income Tax Law and the Notice on Inclusive Tax Relief Tax Policies for Small Profit-making Enterprises (Cai Shui [2019] No. 13) 《關於實施小微企業普惠性稅收減免政策的通知》(財稅[2019]13號)), for the portion of annual taxable income less than RMB1.00 million for small profit-making enterprises, 25% of the amount will be reduced, and the EIT will be at the tax rate of 20%; for the portion of annual taxable income exceeding RMB1.00 million but not exceeding RMB3.00 million, 50% of the amount will be reduced, and the EIT will be at the tax rate of 20%.

Pursuant to the requirements of the Notice on Implementing the Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (Cai Shui [2021] No. 12) 《關於實施小微企業和個體工商戶所得稅優惠政策的公告》(財稅[2021]12號)), for the portion of annual taxable income less than RMB1.00 million for small profit-making enterprises, on the basis of the preferential policies stipulated in Article 2 of the Notice on Inclusive Tax Relief Tax Policies for Small Profit-making Enterprises (Cai Shui [2019] No. 13) 《關於實施小微企業普惠性稅收減免政策的通知》(財稅[2019]13號)), the enterprise income tax will be reduced by half.

Other tax preferential policies

Pursuant to the Notice on Levy of and Exemption from Urban Land Use Tax for Land of Nuclear Power Station (Cai Shui [2007] No. 124) 《關於核電站用地徵免城鎮土地使用稅的通知》(財稅[2007]124號)) issued by the Ministry of Finance and the State Administration of Taxation, other than nuclear islands, regular islands, auxiliary plants, land for communication facilities (excluding land for underground lines) and land for living and office, other land for NPPs are exempt from urban land use tax. Taxable land of NPPs is subject to half of the urban land use tax during infrastructure construction period.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(V) Notes to Items in the Consolidated Financial Statements

1. Cash at bank and in hand

| Item | December 31, 2021 | December 31, 2020 |
|--|--------------------------|--------------------------|
| Cash in hand | – | 3,367.06 |
| Cash at bank | 15,723,207,414.81 | 12,087,634,207.84 |
| – Deposits with CGN Finance | 15,573,998,255.45 | 11,909,848,631.74 |
| – Deposits with Huasheng Company | 70,783,796.97 | 39,534,441.26 |
| – Deposits with banks | 78,425,362.39 | 138,251,134.84 |
| Other cash at bank and in hand | 104,522,396.62 | 40,739,646.75 |
| Total | 15,827,729,811.43 | 12,128,377,221.65 |
| Include: Total amount deposited overseas | 115,153,656.20 | 85,179,449.88 |
| Total amount subject to restrictions in its use due to pledges, mortgages or freezes | 104,522,396.62 | 40,739,646.75 |

As at December 31, 2021 and December 31, 2020, in the other cash at bank and in hand as mentioned above, the Group, as a supplier, deposited guarantee deposits in banks in accordance with the purchase and sales contracts and land reclamation deposits amounted to RMB104,522,396.62 and RMB40,739,646.75, respectively, and their uses were restricted (please see Note (V) 62).

As at December 31, 2021 and December 31, 2020, the Group's fixed deposits of more than three months amounted to RMB4,151,368,398.70 and RMB3,368,493,633.86, respectively.

2. Bills receivable

(1) Bills receivable disclosed by category

| Item | December 31, 2021 | December 31, 2020 |
|-----------------------|-------------------|-------------------|
| Bank acceptance bills | 1,707,261,500.00 | 1,900,481,700.00 |

(2) Bills receivable discounted but outstanding at the balance sheet date

| Item | Derecognized amount at the end of the year | Not-yet derecognized amount at the end of the year |
|-----------------------|--|--|
| Bank acceptance bills | 600,000,000.00 | 1,700,000,000.00 |

There was no bills receivable which were endorsed but outstanding at the balance sheet date. The bills receivable which were discounted but outstanding at the balance sheet date did not meet the conditions of derecognition. Please refer to Note (V) 62 for details.

(3) All of the bills receivable are due within one year, and the aging are counted starting from the date when bills receivable are recognized.

- (4) As at December 31, 2021 and December 31, 2020, the Group had no bills transferred to accounts receivable due to non-performance of the issuers.
- (5) The Group considers that the acceptors of its bank bills have high credit ratings and there is no significant credit risk.

3. Accounts receivable

(1) Accounts receivable disclosed by category

| Category | December 31, 2021 | | | | | December 31, 2020 | | | | |
|--|-------------------|------------|---------------------|------------|-------------------|-------------------|------------|---------------------|------------|------------------|
| | Carrying balance | | Bad debt provisions | | | Carrying balance | | Bad debt provisions | | |
| | Amount | Percentage | Amount | percentage | Carrying value | Amount | Percentage | Amount | percentage | Carrying value |
| Accounts receivable for which provision for bad debts has been individually made | 74,259,091.80 | 0.67% | 74,259,091.80 | 100.00% | - | 82,759,091.80 | 0.93% | 82,759,091.80 | 100.00% | - |
| Accounts receivables for which provision for bad debts has been made by group | 10,957,212,726.85 | 99.33% | 105,396,761.65 | 0.96% | 10,851,815,965.20 | 8,854,349,440.29 | 99.07% | 68,742,336.90 | 0.78% | 8,785,607,103.39 |
| - Group 1 | 10,519,170,762.40 | 95.36% | 58,554,291.67 | 0.56% | 10,460,616,470.73 | 8,449,686,854.10 | 94.55% | 30,959,714.13 | 0.37% | 8,418,727,139.97 |
| - Group 2 | 438,041,964.45 | 3.97% | 46,842,469.98 | 10.69% | 391,199,494.47 | 404,662,586.19 | 4.52% | 37,782,622.77 | 9.34% | 366,879,963.42 |
| Total | 11,031,471,818.65 | 100.00% | 179,655,853.45 | 1.63% | 10,851,815,965.20 | 8,937,108,532.09 | 100.00% | 151,501,428.70 | 1.70% | 8,785,607,103.39 |

As part of the Group's credit risk management, the Group uses the age of accounts receivable to assess the impairment loss by grouping of accounts receivable with the same risk characteristics. The credit risk and expected credit loss of each group of accounts receivable are as follows:

Group 1:

| Aging | Expected credit loss rate | December 31, 2021 | | | December 31, 2020 | | | |
|---------------|---------------------------|-------------------|--------------------|-------------------|---------------------------|------------------|--------------------|------------------|
| | | Carrying balance | Bad debt provision | Carrying value | Expected credit loss rate | Carrying balance | Bad debt provision | Carrying value |
| Within 1 year | 0.30% | 9,951,986,452.85 | 29,855,959.36 | 9,922,130,493.49 | 0.30% | 8,423,433,463.63 | 25,270,300.38 | 8,398,163,163.25 |
| 1 to 2 years | 5.00% | 565,561,343.99 | 28,278,067.20 | 573,283,276.79 | 5.00% | 11,744,201.71 | 587,210.09 | 11,156,991.62 |
| 2 to 3 years | 20.00% | 764,245.56 | 152,849.11 | 611,396.45 | 20.00% | 2,024,300.00 | 404,860.00 | 1,619,440.00 |
| 3 to 4 years | 30.00% | 809,720.00 | 242,916.00 | 566,804.00 | 30.00% | 12,484,888.76 | 4,697,343.66 | 7,787,545.10 |
| 4 to 5 years | 50.00% | 49,000.00 | 24,500.00 | 24,500.00 | 50.00% | - | - | - |
| Total | | 10,519,170,762.40 | 58,554,291.67 | 10,460,616,470.73 | | 8,449,686,854.10 | 30,959,714.13 | 8,418,727,139.97 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

Group 2:

| Aging | December 31, 2021 | | | | December 31, 2020 | | | |
|-------------------|---------------------------|------------------|--------------------|----------------|---------------------------|------------------|--------------------|----------------|
| | Expected credit loss rate | Carrying balance | Bad debt provision | Carrying value | Expected credit loss rate | Carrying balance | Bad debt provision | Carrying value |
| Within 1 year | 0.30% | 305,492,421.79 | 916,477.27 | 304,575,944.52 | 0.30% | 261,480,504.14 | 784,441.52 | 260,696,062.62 |
| 1 to 2 years | 10.00% | 37,582,707.48 | 3,758,270.75 | 33,824,436.73 | 10.00% | 50,558,153.04 | 5,055,815.30 | 45,502,337.74 |
| 2 to 3 years | 30.00% | 43,543,171.22 | 13,062,951.37 | 30,480,219.85 | 30.00% | 80,602,144.75 | 24,180,643.43 | 56,421,501.32 |
| 3 to 4 years | 50.00% | 41,621,764.56 | 20,810,882.27 | 20,810,882.29 | 50.00% | 7,890,034.28 | 3,945,017.14 | 3,945,017.14 |
| 4 to 5 years | 80.00% | 7,540,055.40 | 6,032,044.32 | 1,508,011.08 | 80.00% | 1,575,222.98 | 1,260,178.38 | 315,044.60 |
| More than 5 years | 100.00% | 2,261,844.00 | 2,261,844.00 | - | 100.00% | 2,556,527.00 | 2,556,527.00 | - |
| Total | | 438,041,964.45 | 46,842,469.98 | 391,199,494.47 | | 404,662,586.19 | 37,782,622.77 | 366,879,963.42 |

Accounts receivable for which provision for bad debts have been individually made:

| Aging | December 31, 2021 | | | | December 31, 2020 | | | |
|-------------------|---------------------------|------------------|--------------------|----------------|---------------------------|------------------|--------------------|----------------|
| | Expected credit loss rate | Carrying balance | Bad debt provision | Carrying value | Expected credit loss rate | Carrying balance | Bad debt provision | Carrying value |
| 4 to 5 years | 100.00% | - | - | - | 100.00% | 74,259,091.80 | 74,259,091.80 | - |
| More than 5 years | 100.00% | 74,259,091.80 | 74,259,091.80 | - | 100.00% | 8,500,000.00 | 8,500,000.00 | - |
| Total | | 74,259,091.80 | 74,259,091.80 | - | | 82,759,091.80 | 82,759,091.80 | - |

The aging analysis is counted starting from the date when accounts receivable are recognized.

Disclosed by aging

| Aging | December 31, 2021 Carrying balance | December 31, 2020 Carrying balance |
|----------------------------------|---------------------------------------|---------------------------------------|
| Within 1 year (including 1 year) | 10,257,478,874.64 | 8,684,913,967.77 |
| 1 to 2 years | 603,144,051.47 | 62,302,354.75 |
| 2 to 3 years | 44,307,416.78 | 82,626,444.75 |
| More than 3 years | 126,541,475.76 | 107,265,764.82 |
| – 3 to 4 years | 42,431,484.56 | 20,374,923.04 |
| – 4 to 5 years | 7,589,055.40 | 75,834,314.78 |
| – More than 5 years | 76,520,935.80 | 11,056,527.00 |
| Total | 11,031,471,818.65 | 8,937,108,532.09 |

(2) Changes in provisions for bad debts of accounts receivable

| | December 31, 2021 |
|---|-------------------|
| Opening balance | 151,501,428.70 |
| Provisions made during the year | 79,951,923.17 |
| Recovered or reversed during the year | (51,393,453.24) |
| Write-offs during the year | (235,000.00) |
| Exchange differences arising on translation of financial statements | (169,045.18) |
| Closing balance | 179,655,853.45 |

(3) Top five debtors with the largest closing balances of accounts receivable

| Name of entity | Carrying balance | Percentage to total accounts receivable | Balance of provisions for bad debts at end of the year |
|--|------------------|---|--|
| Guangdong Power Grid Co., Ltd. (廣東電網有限責任公司) | 3,807,658,945.86 | 34.52% | 11,433,991.26 |
| Fujian Electric Grid Co., Ltd. (國網福建省電力有限公司) | 1,102,725,233.76 | 10.00% | 3,308,175.70 |
| CGN New Energy (Huizhou) Co., Ltd. (中廣核新能源(惠州)有限公司) | 765,517,046.18 | 6.94% | 2,588,477.77 |
| CGNPC New Energy Offshore Wind Power (Shanwei) Co., Ltd. (中廣核新能源海上風電(汕尾)有限公司) | 705,530,783.08 | 6.40% | 2,116,592.35 |
| CGNPC Yangjiang Offshore Wind Power Co., Ltd. (中廣核陽江海上風力發電有限公司) | 676,459,660.22 | 6.13% | 26,297,966.23 |
| Total | 7,057,891,669.10 | 63.99% | 45,745,203.31 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

4. Prepayments

(1) Prepayments by aging

| Aging | December 31, 2021 | | December 31, 2020 | |
|-------------------|-------------------|------------|-------------------|------------|
| | Amount | Percentage | Amount | Percentage |
| Within 1 year | 9,511,674,348.19 | 54.75% | 12,122,820,459.56 | 67.37% |
| 1 to 2 years | 5,749,514,633.15 | 33.10% | 3,661,614,625.24 | 20.35% |
| 2 to 3 years | 571,592,810.28 | 3.29% | 217,136,241.60 | 1.21% |
| More than 3 years | 1,539,283,209.27 | 8.86% | 1,992,971,085.17 | 11.07% |
| Total | 17,372,065,000.89 | 100% | 17,994,542,411.57 | 100% |

Description of the reasons for the non-timely settlement of prepayments aged over 1 year and in significant amount:

Prepayments in significant amount and aged over 1 year are mainly payments for construction projects and nuclear fuel procurement, which have not yet been settled with the other party due to the long cycle of the projects and long processing cycle of nuclear fuel components.

(2) Top five entities with the largest closing balances of prepayments

| Name of entity | Amount | Percentage to total prepayments |
|--|-------------------|---------------------------------|
| CGNPC Uranium Resources Co., Ltd | 8,651,702,115.43 | 49.80% |
| China Construction Second Engineering Bureau Ltd. | 1,759,899,718.73 | 10.13% |
| Mingyang Smart Energy Group., Ltd. (明陽智慧能源集團股份公司) | 1,248,523,129.42 | 7.19% |
| China Nuclear Industry Huaxing Construction Co., Ltd. (中國核工業華興建設有限公司) | 847,464,064.96 | 4.88% |
| Dongfang Electric Corporation | 439,470,897.17 | 2.53% |
| Total | 12,947,059,925.71 | 74.53% |

5. Other receivables

| Item | December 31, 2021 | December 31, 2020 |
|----------------------|----------------------|----------------------|
| Dividends receivable | 10,562,708.35 | 10,456,548.88 |
| Others | 42,757,539.26 | 76,517,104.15 |
| Total | 53,320,247.61 | 86,973,653.03 |

(1) Dividends receivable

(a) Dividends receivable

| Investee | December 31, 2021 | December 31, 2020 |
|---|----------------------|----------------------|
| China Nuclear Industry Second and Third Construction Co., Ltd. (中國核工業二三建設有限公司) | 7,883,797.15 | 10,488,012.92 |
| CIECC Engineering Company Limited | 2,710,600.00 | – |
| Total | 10,594,397.15 | 10,488,012.92 |
| Less: Bad debt provision | 31,688.80 | 31,464.04 |
| Carrying value | 10,562,708.35 | 10,456,548.88 |

(b) Determining provision for bad debt

| Item | December 31, 2021 | | | Total |
|-----------------------------------|--|---|--|------------------|
| | Phase 1 Expected credit losses within 12 months | Phase 2 Expected credit losses during the whole life (no credit impairment occurred) | Phase 3 Expected credit losses during the whole life (credit impairment occurred) | |
| January 1, 2021 | 31,464.04 | – | – | 31,464.04 |
| Provisions for the year | 31,688.80 | – | – | 31,688.80 |
| Recovery or reversal for the year | (31,464.04) | – | – | (31,464.04) |
| December 31, 2021 | 31,688.80 | – | – | 31,688.80 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(2) Other receivables

(a) Other receivables by nature

| Nature of other receivables | December 31, 2021 | December 31, 2020 |
|---|-------------------|-------------------|
| Related party payments | 17,549,172.90 | 23,408,700.64 |
| Employee borrowings and petty cash fund | 15,396,408.99 | 18,067,150.21 |
| Others | 37,848,724.13 | 77,390,118.64 |
| Total | 70,794,306.02 | 118,865,969.49 |
| Less: Bad debt provision | 28,036,766.76 | 42,348,865.34 |
| Carrying value | 42,757,539.26 | 76,517,104.15 |

(b) Disclosed by aging

| Aging | December 31, 2021 Carrying balance | December 31, 2020 Carrying balance |
|---------------------|---------------------------------------|---------------------------------------|
| Within 1 year | 36,977,358.00 | 63,920,350.64 |
| 1 to 2 years | 2,004,006.40 | 2,165,595.90 |
| 2 to 3 years | 987,625.50 | 8,294,951.02 |
| More than 3 years | 30,825,316.12 | 44,485,071.93 |
| – 3 to 4 years | 3,835,846.04 | 7,477,861.15 |
| – 4 to 5 years | 6,315,103.41 | 5,013,699.62 |
| – More than 5 years | 20,674,366.67 | 31,993,511.16 |
| Total | 70,794,306.02 | 118,865,969.49 |

(c) Other receivables disclosed by category

| Category | December 31, 2021 | | | | | December 31, 2020 | | | | |
|--|-------------------|------------|---------------------|--------------------------|----------------|-------------------|------------|---------------------|--------------------------|----------------|
| | Carrying balance | | Bad debt provisions | | | Carrying balance | | Bad debt provisions | | |
| | Amount | Percentage | Amount | Provisions percentage | Carrying value | Amount | Percentage | Amount | Provisions percentage | Carrying value |
| Receivables for which provision for bad debts has been individually made | 350,000.00 | 0.49% | 350,000.00 | 100.00% | - | 350,000.00 | 0.30% | 350,000.00 | 100.00% | - |
| Receivables for which provision for bad debts has been made by group | 70,444,306.02 | 99.51% | 27,686,766.76 | 39.30% | 42,757,539.26 | 118,515,969.49 | 99.70% | 41,998,865.34 | 35.44% | 76,517,104.15 |
| – Group 1 | 17,792,568.61 | 25.14% | 17,549,173.01 | 98.63% | 243,395.60 | 24,665,401.95 | 20.75% | 23,097,207.00 | 93.64% | 1,568,194.95 |
| – Group 2 | 52,651,737.41 | 74.37% | 10,137,593.75 | 19.25% | 42,514,143.66 | 93,850,567.54 | 78.95% | 18,901,658.34 | 20.14% | 74,948,909.20 |
| Total | 70,794,306.02 | 100.00% | 28,036,766.76 | 39.60% | 42,757,539.26 | 118,865,969.49 | 100.00% | 42,348,865.34 | 35.63% | 76,517,104.15 |

(d) Changes in bad debt provisions for other receivables

| Item | December 31, 2021 | | | Total |
|---|--|--|---|-----------------|
| | Phase 1 Expected credit losses within 12 months | Phase 2 Expected credit losses during the whole life (no credit impairment occurred) | Phase 3 Expected credit losses during the whole life (credit impairment occurred) | |
| Opening balance | 191,761.05 | 41,807,104.29 | 350,000.00 | 42,348,865.34 |
| – Transferred to phase 2 | (8,333.66) | 8,333.66 | – | – |
| Provisions for the year | 109,548.74 | 11,503,479.26 | – | 11,613,028.00 |
| Recovery or reversal for the year | (183,427.38) | (25,392,830.97) | – | (25,576,258.35) |
| Write-offs for the year | – | (277,300.52) | – | (277,300.52) |
| Exchange differences arising on translation of financial statements | (380.75) | (71,186.96) | – | (71,567.71) |
| Closing balance | 109,168.00 | 27,577,598.76 | 350,000.00 | 28,036,766.76 |

(e) Top five debtors with the largest closing balances

| Name of entity | Nature | Amount | Aging | Percentage to total other receivables | Closing balance of provisions for bad debts |
|---|---------------------------|---------------|-------------------|---|---|
| CGN Services Group Co., Ltd. (中廣核服務集團有限公司) ("CGN Services Group") | Related party payments | 17,549,172.90 | More than 5 years | 24.76% | 17,549,172.90 |
| Shanghai United Assets and Equity Exchange | Asset deposit | 7,190,000.00 | Within 1 year | 10.15% | 21,570.00 |
| Customs of Fangchenggang | Customs deposit | 4,711,408.55 | Within 1 year | 6.65% | 14,134.23 |
| Guangxi GI Cultural Tourism Investment Co., Ltd. (廣西廣投文化旅遊投資 有限公司) | Lease deposit | 3,760,000.00 | 4 to 5 years | 5.31% | 3,008,000.00 |
| Sinohydro Bureau 14 Co., Ltd. | Current accounts | 3,620,344.37 | Within 1 year | 5.11% | 10,861.03 |
| Total | | 36,830,925.82 | | 51.97% | 20,603,738.16 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

6. Inventories

(1) Inventories by category

| Item | December 31, 2021 | | | December 31, 2020 | | |
|--------------------------------|--------------------------|--------------------------------|--------------------------|--------------------------|--------------------------------|--------------------------|
| | Carrying balance | Provision for decline in value | Carrying value | Carrying balance | Provision for decline in value | Carrying value |
| Nuclear fuel | 8,057,601,522.06 | - | 8,057,601,522.06 | 7,663,950,506.84 | - | 7,663,950,506.84 |
| Spare parts | 6,199,192,732.13 | 602,318,672.38 | 5,596,874,059.75 | 5,414,371,314.24 | 631,191,119.07 | 4,783,180,195.17 |
| Consigned processing materials | 1,578,700,935.77 | - | 1,578,700,935.77 | 2,530,917,115.17 | - | 2,530,917,115.17 |
| Raw materials | 13,970,265.19 | - | 13,970,265.19 | 40,895,731.87 | - | 40,895,731.87 |
| Goods on hand | 1,244,014.52 | - | 1,244,014.52 | 1,403,935.77 | - | 1,403,935.77 |
| Reusable materials | 84,934.77 | - | 84,934.77 | 383,032.57 | - | 383,032.57 |
| Total | 15,850,794,404.44 | 602,318,672.38 | 15,248,475,732.06 | 15,651,921,636.46 | 631,191,119.07 | 15,020,730,517.39 |

(2) Provision for decline in value of inventories

| Inventory categories | Additions during the year | | Deductions during the year | | | December 31, 2021 |
|----------------------|---------------------------|---------------|----------------------------|---------------|--|-------------------|
| | January 1, 2021 | Provision | Reversal | Write-offs | Impact of foreign currency translation | |
| Spare parts | 631,191,119.07 | 49,686,712.11 | 42,811,819.84 | 31,159,436.28 | 4,587,902.68 | 602,318,672.38 |

(3) Description of the inventory balance containing the capitalized borrowing costs

One-third of the initial nuclear fueling costs is recognized in the inventory, and is included in the production cost by installments at the period between the initial fueling and the next refuelling based on the on-grid power generation. As at December 31, 2021 and December 31, 2020, no capitalized borrowing cost was included in the initial nuclear fueling costs in the Group's inventory.

7. Contract assets

(1) Presentation of contract assets

| Item | December 31, 2021 | | | December 31, 2020 | | |
|--|-------------------------|-----------------------|-------------------------|-------------------------|-----------------------|-------------------------|
| | Carrying balance | Impairment provision | Carrying value | Carrying balance | Impairment provision | Carrying value |
| Completed but unsettled assets resulting from construction contracts | 3,542,015,988.29 | 204,515,541.12 | 3,337,500,447.17 | 3,995,640,253.92 | 205,750,359.54 | 3,789,889,894.38 |
| Guarantee deposits | 12,025,303.81 | 2,774,742.49 | 9,250,561.32 | 16,887,254.30 | 3,451,388.75 | 13,435,865.55 |
| Total | 3,554,041,292.10 | 207,290,283.61 | 3,346,751,008.49 | 4,012,527,508.22 | 209,201,748.29 | 3,803,325,759.93 |

The impairment provision made for contract assets of the Group mainly came from Mengzi Zhongneng New Energy Co., Ltd. (蒙自中能新能源有限公司). The reason for the provision was that the recoverable amount was lower than the carrying value of the onshore wind power project entered into by the Group and Mengzi Zhongneng New Energy Co., Ltd. (蒙自中能新能源有限公司). As at December 31, 2021, the accumulated impairment provision made for such contract assets amounted to RMB197,796,089.10 (December 31, 2020: RMB197,796,089.10).

(2) Impairment provision made for contract assets for the year

| Item | January 1, 2021 | Provisions for the year | Reversal for the year | December 31, 2021 |
|---|-----------------------|----------------------------|--------------------------|-----------------------|
| Completed but unsettled assets resulting from construction contracts | 205,750,359.54 | 495,242.49 | 1,730,060.91 | 204,515,541.12 |
| Guarantee deposits | 3,451,388.75 | 1,887,070.97 | 2,563,717.23 | 2,774,742.49 |
| Total | 209,201,748.29 | 2,382,313.46 | 4,293,778.14 | 207,290,283.61 |

(3) Qualitative analysis of contract assets

The amount associated with construction contracts is the project balance that should be delivered to the customer under the construction contract that CGN Engineering receives from the customer's payment based on a series of performance-based milestones. The Group firstly recognizes the completed construction as a contract asset and reclassifies the recognized contract assets to accounts receivable upon obtaining the right to unconditionally collect the consideration of contracts from the customer.

8. Other current assets

| Item | December 31, 2021 | December 31, 2020 |
|-------------------------------------|-------------------------|-------------------------|
| VAT retained at the end of the year | 3,534,796,566.46 | 3,493,998,058.37 |
| Others | 23,934,998.31 | 26,087,792.37 |
| Total | 3,558,731,564.77 | 3,520,085,850.74 |

9. Debt investment

| Item | December 31, 2021 | | | December 31, 2020 | | |
|--------|---------------------|-------------------------|-------------------|---------------------|-------------------------|-------------------|
| | Carrying balance | Impairment provision | Carrying value | Carrying balance | Impairment provision | Carrying value |
| Others | 37,739,834.23 | - | 37,739,834.23 | - | - | - |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

10. Long-term equity investments

| Investee | Balance at January 1, 2021 | Changes in the current year | | | | | Balance at December 31, 2021 | Closing balance of impairment provisions | |
|--|----------------------------|-----------------------------|--------------------|---|--|-------------------------|------------------------------|--|------------------------------------|
| | | Additional investment | Reduced investment | Investment gains/ losses recognized under the equity method | Adjustment of other comprehensive income | Changes in other equity | | | Declared cash dividends or profits |
| Associates | | | | | | | | | |
| Liaoning Hongyuanhe Nuclear Power Co., Ltd. (遼寧紅沿河核電有限公司)(Hongyuanhe Nuclear) | 7,095,488,840.98 | 91,790,100.00 | - | 665,903,530.85 | - | (485,175,569.30) | - | 7,368,006,902.53 | - |
| Fujian Ningde Second Nuclear Power Co., Ltd. (福建寧德第二核電有限公司)(Ningde Second Nuclear) | 263,248,580.00 | 55,383,681.80 | - | - | - | - | - | 318,632,261.80 | - |
| 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”) | 2,502,287,693.42 | 6,380,005.80 | - | 338,853,269.49 | - | (248,285,940.00) | - | 2,599,235,028.71 | - |
| China Nuclear Industry Second and Third Construction Co., Ltd. (中國核工業二三建設有限公司) | 590,363,378.57 | - | - | 84,741,626.00 | (1,733,428.18) | (19,586,603.95) | - | 660,111,617.56 | - |
| CGN Finance Co., Ltd. (中廣核財務有限公司) (“CGN Finance”) | 1,416,122,357.66 | - | - | 140,200,007.40 | - | (150,917,390.26) | - | 1,405,404,974.80 | - |
| CECC Engineering Company Limited (中誠工程有限公司) Xiong'an Xingrong Nuclear Power Innovation Center Co., Ltd. (雄安興融核電創新中心有限公司) | 36,552,172.20 | - | - | 3,557,882.23 | - | (2,710,600.00) | - | 37,398,954.43 | - |
| 20,000,000.00 | 20,000,000.00 | - | - | - | - | - | - | 20,000,000.00 | - |
| Gansu Longhe Environmental Protection Technology Co., Ltd. (甘肅龍和環保科技有限公司) | - | 8,750,000.00 | - | - | - | - | - | 8,750,000.00 | - |
| Total | 11,924,063,022.83 | 162,303,787.60 | - | 1,233,255,815.97 | (1,733,428.18) | (906,676,103.51) | - | 12,417,539,739.83 | - |

11. Other investment in equity instruments

(1) Other investment in equity instruments

| Item | December 31, 2021 | December 31, 2020 |
|--|-----------------------|-----------------------|
| Chinergy Co., Ltd. (中核能源科技有限公司) | 110,000,000.00 | 110,000,000.00 |
| China Nuclear Industry Huaxing Construction Co., Ltd. (中國核工業華興建設有限公司) | 458,128,600.00 | 388,185,300.00 |
| Fujian Power Exchange Center Co., Ltd. (福建電力交易中心有限責任公司) | 10,960,113.30 | - |
| Guangxi Power Exchange Center Co., Ltd. (廣西電力交易中心有限責任公司) | 2,607,256.83 | - |
| Gansu Solar Thermal Power Generation Co., Ltd. (甘肅光熱發電有限公司) | 8,500,000.00 | - |
| Total | 590,195,970.13 | 498,185,300.00 |

(2) Investment in other equity instruments measured at fair value

| Item | Reason for designated as at FVTOCI | Dividend income recognized for the year | Accumulated gains or losses included in other comprehensive income | Amount of other comprehensive income transferred to the retained earnings | Reason for other comprehensive income transferred to the retained earnings |
|--|---|---|--|---|--|
| Chinergy Co., Ltd. (中核能源科技有限公司) | Not intended to hold for recent sale or short-term profit | - | - | - | - |
| China Nuclear Industry Huaxing Construction Co., Ltd. (中國核工業華興建設有限公司) | Not intended to hold for recent sale or short-term profit | 15,057,316.99 | 208,191,808.54 | - | - |
| Fujian Power Exchange Center Co., Ltd. (福建電力交易中心有限責任公司) | Not intended to hold for recent sale or short-term profit | - | - | - | - |
| Guangxi Power Exchange Center Co., Ltd. (廣西電力交易中心有限責任公司) | Not intended to hold for recent sale or short-term profit | - | - | - | - |
| Gansu Solar Thermal Power Generation Co., Ltd. (甘肅光熱發電有限公司) | Not intended to hold for recent sale or short-term profit | - | - | - | - |
| Total | | 15,057,316.99 | 208,191,808.54 | - | - |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

12. Investment properties

(1) Investment properties measured at cost

| Investment properties Item | Buildings and structures |
|---|-----------------------------|
| 2021 | |
| I. Original carrying value | |
| 1. Opening balance | 449,104,355.65 |
| 2. Additions during the year | 14,423,936.28 |
| (1) Transfer from fixed assets | 14,423,936.28 |
| 3. Deductions during the year | 10,344,383.69 |
| (1) Adjustment from final account for completed project | 10,129,713.62 |
| (2) Exchange differences arising on translation of financial statements | 214,670.07 |
| 4. Closing balance | 453,183,908.24 |
| ----- | |
| II. Accumulated depreciation and accumulated amortization | |
| 1. Opening balance | 204,355,995.22 |
| 2. Additions during the year | 44,018,605.22 |
| (1) Provisions during the year | 30,405,050.95 |
| (2) Transfer from fixed assets | 13,613,554.27 |
| 3. Deductions during the year | 109,942.74 |
| (1) Exchange differences arising on translation of financial statements | 109,942.74 |
| 4. Closing balance | 248,264,657.70 |
| ----- | |
| III. Impairment provision | |
| 1. Opening balance | - |
| 2. Additions during the year | - |
| 3. Deductions during the year | - |
| 4. Closing balance | - |
| ----- | |
| IV. Carrying value | |
| 1. Closing carrying value | 204,919,250.54 |
| 2. Opening carrying value | 244,748,360.43 |

As at December 31, 2021, the carrying value of the properties held by the Group for which the application of title certificates were still in progress amounted to RMB48,730,038.43. The directors of the Group believed that the ongoing application for the above title certificates will not affect the use of the properties.

(2) Undiscounted future lease receipts after the balance sheet date

| Maturity analysis of undiscounted operating future lease receipts | December 31, 2021 | December 31, 2020 |
|---|-----------------------|----------------------|
| The first year after the balance sheet date | 21,290,114.61 | 38,437,564.20 |
| The second year after the balance sheet date | 16,905,438.03 | 10,376,082.21 |
| The third year after the balance sheet date | 18,133,998.33 | 4,795,361.55 |
| The fourth year after the balance sheet date | 18,133,998.33 | 4,732,664.55 |
| The fifth year after the balance sheet date | 18,519,440.91 | 4,732,667.55 |
| After the sixth year after the balance sheet date | 148,923,386.08 | 23,502,130.79 |
| Total | 241,906,376.29 | 86,576,470.85 |

13. Fixed assets

(1) Fixed assets

| Item | Buildings and structures | Machinery and equipment | Transportation vehicles | Electronic equipment and office facilities | Cost of NPP decommissioning | Vessels | Total |
|---|--------------------------|-------------------------|-------------------------|--|-----------------------------|----------------|--------------------|
| 2021 | | | | | | | |
| I. Original carrying value | | | | | | | |
| 1. Opening balance | 71,619,728,753.29 | 253,366,453,029.48 | 170,363,963.30 | 2,991,473,921.71 | 2,636,862,598.45 | 420,164,851.04 | 331,205,047,117.27 |
| 2. Additions during the year | 465,758,583.48 | 1,402,100,855.01 | 16,258,608.94 | 363,944,922.63 | - | 521,198.11 | 2,248,584,168.17 |
| (1) Acquisition | 96,334,669.15 | 480,694,269.32 | 14,048,219.56 | 175,225,394.16 | - | 521,198.11 | 766,823,750.30 |
| (2) Transfer from construction in progress | 369,423,914.33 | 909,186,845.98 | 2,210,389.38 | 188,719,528.47 | - | - | 1,469,540,678.16 |
| (3) Transfer from development costs | - | 12,219,739.71 | - | - | - | - | 12,219,739.71 |
| 3. Deductions during the year | 209,253,894.22 | 799,793,366.48 | 3,963,670.09 | 127,627,507.69 | 3,911,667.66 | - | 1,144,550,106.14 |
| (1) Disposal or retirement | 37,847,886.93 | 295,758,203.43 | 3,792,499.22 | 123,698,898.98 | - | - | 461,097,488.56 |
| (2) Self-use properties transferred to investment properties | 14,423,936.28 | - | - | - | - | - | 14,423,936.28 |
| (3) Adjustment from final account for completed project | 34,250,527.23 | - | - | 1,434,775.00 | - | - | 35,685,302.23 |
| (4) Exchange differences arising on translation of financial statements | 122,731,543.78 | 504,035,163.05 | 171,170.87 | 2,493,833.71 | 3,911,667.66 | - | 633,343,379.07 |
| 4. Closing balance | 71,876,233,442.55 | 253,968,760,518.01 | 182,658,902.15 | 3,227,791,336.65 | 2,632,950,930.79 | 420,686,049.15 | 332,309,081,179.30 |
| II. Accumulated depreciation | | | | | | | |
| 1. Opening balance | 15,715,985,447.04 | 64,398,043,019.69 | 126,798,851.78 | 2,050,342,594.18 | 420,319,757.91 | 26,610,440.60 | 82,738,100,111.20 |
| 2. Additions during the year | 2,120,501,310.13 | 8,185,512,327.64 | 13,062,573.12 | 237,535,983.17 | 60,145,397.78 | 8,005,451.99 | 10,624,763,043.83 |
| (1) Provisions | 2,120,501,310.13 | 8,185,512,327.64 | 13,062,573.12 | 237,535,983.17 | 60,145,397.78 | 8,005,451.99 | 10,624,763,043.83 |
| 3. Deductions during the year | 114,147,564.07 | 635,950,073.69 | 3,558,084.54 | 99,341,522.16 | 2,789,190.39 | - | 855,786,434.85 |
| (1) Disposal | 978,500.81 | 185,839,052.24 | 3,462,014.88 | 97,180,526.96 | - | - | 287,460,094.89 |
| (2) Self-use properties transferred to investment properties | 13,613,554.27 | - | - | - | - | - | 13,613,554.27 |
| (3) Exchange differences arising on translation of financial statements | 99,555,508.99 | 450,111,021.45 | 96,069.66 | 2,160,995.20 | 2,789,190.39 | - | 554,712,785.69 |
| 4. Closing balance | 17,722,339,193.10 | 71,947,605,273.64 | 136,303,340.36 | 2,188,537,055.19 | 477,675,965.30 | 34,615,892.59 | 92,507,076,720.18 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

| Item | Buildings and structures | Machinery and equipment | Transportation vehicles | Electronic equipment and office facilities | Cost of NPP decommissioning | Vessels | Total |
|---|--------------------------|-------------------------|-------------------------|--|-----------------------------|----------------|--------------------|
| III. Impairment provisions | | | | | | | |
| 1. Opening balance | - | 11,390,613.73 | - | - | - | - | 11,390,613.73 |
| 2. Additions during the year | - | 8,799,646.74 | - | - | - | - | 8,799,646.74 |
| (1) Provisions | - | 8,903,054.17 | - | - | - | - | 8,903,054.17 |
| (2) Exchange differences arising on translation of financial statements | - | (103,407.43) | - | - | - | - | (103,407.43) |
| 3. Closing balance | - | 20,190,260.47 | - | - | - | - | 20,190,260.47 |
| IV. Carrying value | | | | | | | |
| 1. Closing carrying value | 54,153,894,249.45 | 182,000,964,983.90 | 46,355,561.79 | 1,039,254,281.46 | 2,155,274,965.49 | 386,070,156.56 | 239,781,814,198.65 |
| 2. Opening carrying value | 55,903,743,306.25 | 188,957,019,396.06 | 43,565,111.52 | 941,131,327.53 | 2,216,542,840.54 | 393,554,410.44 | 248,455,556,392.34 |

(2) As at December 31, 2021 and December 31, 2020, the Group had no idle fixed assets.

(3) As at December 31, 2021 and December 31, 2020, the Group had no fixed assets under operating leases.

(4) As at December 31, 2021 and December 31, 2020, the carrying values of the properties held by the Group for which the application of title certificates was still in progress amounted to RMB350,423,043.02 and RMB6,782,013,801.57, respectively. The directors of the Company believed that the ongoing application for the above title certificates will not affect the use of the properties.

14. Construction in progress

(1) Construction in progress

| Name of project | December 31, 2021 | | | December 31, 2020 | | |
|--|-------------------|----------------------|-------------------|-------------------|----------------------|-------------------|
| | Carrying balance | Impairment provision | Carrying value | Carrying balance | Impairment provision | Carrying value |
| Fangchenggang Nuclear Phase II Project | 30,583,724,586.64 | - | 30,583,724,586.64 | 23,510,306,511.56 | - | 23,510,306,511.56 |
| Lufeng Nuclear Project | 20,433,117,775.36 | - | 20,433,117,775.36 | 18,260,484,723.24 | - | 18,260,484,723.24 |
| Baolong Industrial Park project | 1,243,474,325.71 | - | 1,243,474,325.71 | 945,832,249.79 | - | 945,832,249.79 |
| Others | 5,435,535,745.09 | (134,231,261.53) | 5,301,304,483.56 | 4,648,145,951.59 | - | 4,648,145,951.59 |
| Total | 57,695,852,432.80 | (134,231,261.53) | 57,561,621,171.27 | 47,364,769,436.18 | - | 47,364,769,436.18 |

(2) Changes in major construction in progress

| Name of project | Budget amount | January 1, 2021 | Additions during the year | Transfer to fixed assets | December 31, 2021 | Proportion of investment to budget | Project progress | Accumulated capitalized interest | Including: capitalized interest for the year | Ratio of capitalized interest amount for the year | Sources of fund |
|--|-------------------|-------------------|---------------------------|--------------------------|-------------------|------------------------------------|------------------|----------------------------------|--|---|-------------------------|
| Fangchenggang Nuclear Phase II Project | 39,999,980,000.00 | 23,510,306,511.56 | 7,114,871,336.29 | 41,453,261.21 | 30,583,724,586.64 | 86.00% | 86.00% | 3,189,154,958.98 | 995,160,491.16 | 4.18% | Self-owned funds, loans |
| Lufeng Nuclear Project (Note 1) | N/A | 18,260,484,723.24 | 2,172,633,052.12 | - | 20,433,117,775.36 | N/A | N/A | 3,765,750,682.83 | 625,371,962.17 | 3.81% | Self-owned funds, loans |
| Baolong Industrial Park project | 2,985,010,000.00 | 945,832,249.79 | 297,642,075.92 | - | 1,243,474,325.71 | 41.66% | 41.66% | 47,082,856.26 | 20,105,580.85 | 4.90% | Self-owned funds, loans |
| Total | | 42,716,623,484.59 | 9,585,146,464.33 | 41,453,261.21 | 52,260,316,687.71 | | | 7,001,988,498.07 | 1,640,638,034.18 | | |

Note 1: According to the approval letter in relation to the launch of preliminary work of Lufeng Phase I from the General Office of the NDRC (《國家發改委辦公廳關於同意廣東陸豐核電一期工程開展前期工作的函》), the preliminary work of Lufeng Nuclear project (Lufeng Phase I) launched by Lufeng Nuclear has not been approved yet, and there is no investment budget at present.

(3) As at December 31, 2021, the Group assessed and determined that the recoverable amount of the construction in progress of Hebei Zhongzhuang Clean Thermal Energy Co., Ltd. (河北中莊清潔熱能有限公司) was less than its carrying amount, so it made a full provision for impairment of RMB134,231,261.53.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

15. Right-of-use assets

(1) Right-of-use assets

| Item | Buildings and structures | Machinery and equipment | Total |
|---|--------------------------|-------------------------|------------------|
| 2021 | | | |
| I. Original carrying value | | | |
| 1. Opening balance | 1,434,250,402.74 | 860,249.76 | 1,435,110,652.50 |
| 2. Additions during the year | 431,532,844.99 | – | 431,532,844.99 |
| 3. Deductions during the year | 5,340,431.78 | – | 5,340,431.78 |
| (1) Deductions due to termination of contracts | 4,465,393.49 | – | 4,465,393.49 |
| (2) Exchange differences arising on translation of financial statements | 875,038.29 | – | 875,038.29 |
| 4. Closing balance | 1,860,442,815.95 | 860,249.76 | 1,861,303,065.71 |
| II. Accumulated depreciation | | | |
| 1. Opening balance | 495,488,178.79 | 134,432.69 | 495,622,611.48 |
| 2. Provisions during the year | 326,371,906.30 | 207,892.55 | 326,579,798.85 |
| 3. Deductions during the year | 1,676,773.48 | – | 1,676,773.48 |
| (1) Deductions due to termination of contracts | 1,226,460.43 | – | 1,226,460.43 |
| (2) Exchange differences arising on translation of financial statements | 450,313.05 | – | 450,313.05 |
| 4. Closing balance | 820,183,311.61 | 342,325.24 | 820,525,636.85 |
| III. Impairment provisions | | | |
| 1. Opening balance | – | – | – |
| 2. Additions during the year | – | – | – |
| 3. Deductions during the year | – | – | – |
| 4. Closing balance | – | – | – |
| IV. Carrying value | | | |
| 1. Closing balance | 1,040,259,504.34 | 517,924.52 | 1,040,777,428.86 |
| 2. Opening balance | 938,762,223.95 | 725,817.07 | 939,488,041.02 |

(2) Amounts recognized in profit or loss

| Buildings and structures, machinery and equipment | 2021 | 2020 |
|---|----------------|----------------|
| Depreciation expenses of right-of-use assets (Note 1) | 324,791,389.07 | 284,659,503.71 |
| Interest expenses on the lease liabilities (Note 2) | 37,844,402.26 | 41,542,830.92 |
| Short-term lease expenses | 79,873,933.62 | 75,611,153.58 |

Note 1: In 2021, the capitalized depreciation expense of right-of-use assets amounted to RMB1,788,409.78.

Note 2: In 2021, the capitalized interest expense on the lease liabilities amounted to RMB213,671.75.

(3) In 2021, the total cash outflow of the Group's leases amounted to RMB291,227,417.02.

16. Intangible assets

(1) Intangible assets

| Item | Land use rights | Computer software | Patent rights | Non-patented technology | Sea area use right | Others | Total |
|---|------------------|-------------------|------------------|-------------------------|--------------------|----------------|------------------|
| 2021 | | | | | | | |
| I. Original carrying value | | | | | | | |
| 1. Opening balance | 4,324,173,690.24 | 2,117,271,815.41 | 935,182,057.97 | 662,369,096.25 | 263,676,952.00 | 92,804,022.62 | 8,395,477,634.49 |
| 2. Additions during the year | 830,250.00 | 433,546,604.92 | 152,798,749.17 | 127,811,045.48 | - | - | 714,986,649.57 |
| (1) Acquisition | 830,250.00 | 131,230,490.79 | - | - | - | - | 132,060,740.79 |
| (2) Transfer from construction in progress | - | 81,926,337.08 | - | 1,293,927.26 | - | - | 83,220,264.34 |
| (3) Transfer from development cost | - | 220,389,777.05 | 152,798,749.17 | 126,517,118.22 | - | - | 499,705,644.44 |
| 3. Deductions during the year | 7,526,259.75 | 54,560,924.17 | - | - | - | - | 62,087,183.92 |
| (1) Disposal or retirement | - | 50,007,517.85 | - | - | - | - | 50,007,517.85 |
| (2) Exchange differences arising on translation of financial statements | 7,526,259.75 | 4,553,406.32 | - | - | - | - | 12,079,666.07 |
| 4. Reclassification | - | - | 76,502,092.28 | (71,812,195.84) | - | (4,689,896.44) | - |
| 5. Closing balance | 4,317,477,680.49 | 2,496,257,496.16 | 1,164,482,899.42 | 718,367,945.89 | 263,676,952.00 | 88,114,126.18 | 9,048,377,100.14 |
| II. Accumulated amortization | | | | | | | |
| 1. Opening balance | 1,013,083,825.56 | 1,649,806,188.45 | 334,260,221.69 | 282,844,890.87 | 28,393,882.82 | 39,909,471.30 | 3,348,298,480.69 |
| 2. Additions during the year | 102,801,173.13 | 268,004,608.97 | 114,792,711.14 | 57,467,070.68 | 6,328,195.24 | 3,425,070.73 | 552,818,829.89 |
| (1) Provisions | 102,801,173.13 | 268,004,608.97 | 114,792,711.14 | 57,467,070.68 | 6,328,195.24 | 3,425,070.73 | 552,818,829.89 |
| 3. Deductions during the year | 6,117,952.09 | 49,453,380.94 | - | - | - | - | 55,571,333.03 |
| (1) Disposal or retirement | - | 45,057,391.35 | - | - | - | - | 45,057,391.35 |
| (2) Exchange differences arising on translation of financial statements | 6,117,952.09 | 4,395,989.59 | - | - | - | - | 10,513,941.68 |
| 4. Reclassification | - | - | 9,024,014.09 | (4,764,024.86) | - | (4,259,989.23) | - |
| 5. Closing balance | 1,109,767,046.60 | 1,868,357,416.48 | 458,076,946.92 | 335,547,936.69 | 34,722,078.06 | 39,074,552.80 | 3,845,545,977.55 |
| III. Impairment provisions | | | | | | | |
| 1. Opening balance | - | - | - | - | - | - | - |
| 2. Additions during the year | - | - | - | - | - | - | - |
| 3. Deductions during the year | - | - | - | - | - | - | - |
| 4. Closing balance | - | - | - | - | - | - | - |
| IV. Carrying value | | | | | | | |
| 1. Closing balance | 3,207,710,633.89 | 627,900,079.68 | 706,405,952.50 | 382,820,009.20 | 228,954,873.94 | 49,039,573.38 | 5,202,831,122.59 |
| 2. Opening balance | 3,311,089,864.68 | 467,465,626.96 | 600,921,836.28 | 379,524,205.38 | 235,283,069.18 | 52,894,551.32 | 5,047,179,153.80 |

As at December 31, 2021 and December 31, 2020, the Group's intangible assets from internal R&D accounted for 23.85% and 19.75% of the carrying value of intangible assets, respectively.

(2) Right-of-use assets without proper title certificates

As at December 31, 2021 and December 31, 2020, the Group had no right-of-use assets without proper title certificates.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

17. Development cost

| Item | January 1, 2021 | Additions during the year | Deductions during the year | | | December 31, 2021 |
|---------------|-------------------------|------------------------------|--|--|--|-------------------------|
| | | | Transfer to intangible asset during the year | Transfer to fixed assets during the year | Transfer to profit or loss during the year | |
| AP1000 | 481,658,139.01 | – | 39,004,149.12 | – | 3,233.99 | 442,650,755.90 |
| HPR/ACPR 1000 | 286,254,568.86 | 197,860,922.71 | 272,593,425.77 | – | – | 205,632,316.26 |
| Others | 2,027,181,486.65 | 1,127,589,828.56 | 188,108,069.55 | 12,219,739.71 | 33,195,140.99 | 2,927,138,114.50 |
| Total | 2,795,094,194.52 | 1,325,450,751.27 | 499,705,644.44 | 12,219,739.71 | 33,198,374.98 | 3,575,421,186.66 |

18. Goodwill

| Item | January 1, 2021 and December 31, 2021 |
|--|--|
| Original carrying value | |
| 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) | 7,048,000.00 |
| Ningde Nuclear | 419,242,673.32 |
| Subtotal | 426,290,673.32 |
| Impairment provision | |
| China Daya Bay Nuclear Power Technology Research Institute Co., Ltd. | 7,048,000.00 |
| Ningde Nuclear | – |
| Subtotal | 7,048,000.00 |
| Total | 419,242,673.32 |

As at December 31, 2021, the Group assessed the recoverable amount of Ningde Nuclear's goodwill and determined that the Group's acquisition of Ningde Nuclear related goodwill had no impairment occurred.

The Group conducted impairment tests with Ningde Nuclear as a whole asset group. The recoverable amount of Ningde Nuclear was determined in accordance with the present value of its projected future cash flows. Its future cash flows were based on the financial budget approved by the management for the period from 2022 to 2056 and are discounted using a discount rate of 8.91%. Other key assumptions used in anticipation of future cash flows were: the estimated sales and gross profit based on the past performance of Ningde Nuclear and the expected market developments by the management. The management considered any reasonable change in the above assumptions will not result in the carrying value of the net assets of Ningde Nuclear being lower than its recoverable amount.

19. Long-term deferred expenses

| Item | January 1, 2021 | Increase during the year | Amortization for the year | Other decreases | December 31, 2021 |
|--------------------------------------|-------------------------|-----------------------------|------------------------------|--------------------|-------------------------|
| Nuclear power production preparation | | | | | |
| staff training fee (Note 1) | 1,000,788,697.17 | 79,458,725.76 | 10,491,037.57 | – | 1,069,756,385.36 |
| Emergency passages (Note 2) | 353,673,585.00 | 2,366,948.00 | 30,583,561.21 | – | 325,456,971.79 |
| Others | 118,447,684.52 | 54,603,874.83 | 40,578,802.39 | 241,681.63 | 132,231,075.33 |
| Total | 1,472,909,966.69 | 136,429,548.59 | 81,653,401.17 | 241,681.63 | 1,527,444,432.48 |

Note 1: The expenses incurred during the training of nuclear power production preparation staff shall be accounted as long-term deferred expenses of the Group, and shall be amortized according to the remaining working years as stipulated in the labor contract or training agreement from the conclusion of the training, and recognized in the cost of the related assets or profit or loss for the period.

Note 2: The emergency passages were constructed under funding by Ling'ao Nuclear, Lingdong Nuclear, Yangjiang Nuclear, Fangchenggang Nuclear and Ningde Nuclear. It was accounted as long-term deferred expenses by the Group, amortized based on the estimated useful life from the date of completion and recognized in cost of the related assets or the profit or loss for the period.

20. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets and deferred tax liabilities

| Item | December 31, 2021 | | December 31, 2020 | |
|--|---|------------------------------------|---|------------------------------------|
| | Deductible or taxable temporary differences | Deferred tax assets/liabilities | Deductible or taxable temporary differences | Deferred tax assets/liabilities |
| Deferred tax assets: | | | | |
| Unrealized profit arising from internal transactions | 8,492,048,631.72 | 2,123,012,157.93 | 8,035,257,551.88 | 2,008,814,387.97 |
| Asset impairment loss | 842,548,833.09 | 133,250,769.14 | 881,684,090.43 | 138,601,643.73 |
| Deferred income | 404,089,185.88 | 60,613,377.89 | 313,477,687.40 | 46,989,965.61 |
| Expected credit losses | 191,260,724.49 | 29,766,186.87 | 162,662,012.41 | 24,908,169.14 |
| Others | 160,792,732.34 | 26,406,314.23 | 83,120,186.93 | 13,805,821.54 |
| Subtotal | 10,090,740,107.52 | 2,373,048,806.06 | 9,476,201,529.05 | 2,233,119,987.99 |
| Offsetting amount | (407,447,119.41) | (61,117,067.92) | (373,071,959.73) | (55,960,793.98) |
| Offsetting balance | 9,683,292,988.11 | 2,311,931,738.14 | 9,103,129,569.32 | 2,177,159,194.01 |
| Deferred tax liabilities: | | | | |
| Depreciation of fixed assets | 4,661,648,394.04 | 1,165,412,098.58 | 4,392,196,471.77 | 1,098,049,117.94 |
| Revaluation gain of assets for business combinations involving entities not under common control | 533,711,716.88 | 133,427,929.22 | 561,375,213.60 | 140,343,803.40 |
| Others | 208,191,808.54 | 31,228,771.28 | 153,305,825.53 | 22,995,873.83 |
| Subtotal | 5,403,551,919.46 | 1,330,068,799.08 | 5,106,877,510.90 | 1,261,388,795.17 |
| Offsetting amount | (407,447,119.41) | (61,117,067.92) | (373,071,959.73) | (55,960,793.98) |
| Offsetting balance | 4,996,104,800.05 | 1,268,951,731.16 | 4,733,805,551.17 | 1,205,428,001.19 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(2) Unrecognized deferred tax assets

| Item | December 31, 2021 | December 31, 2020 |
|----------------------------------|-------------------------|-------------------------|
| Deductible temporary differences | 212,092,251.97 | 241,256,529.58 |
| Deductible losses | 4,527,053,611.93 | 2,210,548,245.62 |
| Total | 4,739,145,863.90 | 2,451,804,775.20 |

Note: As it is uncertain for the Company and certain subsidiaries to obtain sufficient taxable income in the future, the above deductible temporary differences and deductible losses are not recognized as deferred tax assets.

(3) Maturity of deductible losses that are not recognized as deferred tax assets

| Year | December 31, 2021 | December 31, 2020 |
|--------------|-------------------------|-------------------------|
| 2021 | – | 107,290,819.73 |
| 2022 | 78,148,961.20 | 78,148,961.20 |
| 2023 | 214,235,794.11 | 214,235,794.11 |
| 2024 | 1,137,311,404.62 | 1,137,311,404.62 |
| 2025 | 887,587,362.62 | 673,561,265.96 |
| 2026 | 2,209,770,089.38 | – |
| Total | 4,527,053,611.93 | 2,210,548,245.62 |

21. Other non-current assets

| Item | December 31, 2021 | December 31, 2020 |
|--------------------------------------|-------------------------|-------------------------|
| VAT input tax credit | 4,094,617,209.36 | 4,905,495,938.40 |
| Prepayment for engineering equipment | 3,136,894,190.45 | 2,372,296,460.26 |
| Others | 123,866,868.42 | 37,910,914.23 |
| Total | 7,355,378,268.23 | 7,315,703,312.89 |

22. Short-term loans

(1) Short-term loans by category

| Item | December 31, 2021 | December 31, 2020 |
|-----------------------------------|--------------------------|--------------------------|
| Credit loans | 14,662,738,508.67 | 21,122,443,315.86 |
| Pledged loans | 1,700,000,000.00 | 1,953,001,100.00 |
| Short-term loans interest payable | 12,255,250.21 | 48,549,033.10 |
| Total | 16,374,993,758.88 | 23,123,993,448.96 |

(2) As at December 31, 2021 and December 31, 2020, the Group had no overdue and unsettled short-term loans.

23. Bills payable

(1) Bills payable by category

| Item | December 31, 2021 | December 31, 2020 |
|-----------------------|-------------------|-------------------|
| Bank acceptance bills | 3,549,771,587.50 | 4,418,030,262.41 |

As at December 31, 2021 and December 31, 2020, the Group had no overdue and unsettled bills payable.

24. Accounts payable

(1) Accounts payable by aging

| Aging | December 31, 2021 | December 31, 2020 |
|-------------------|-------------------|-------------------|
| Within 1 year | 12,859,220,938.43 | 14,526,762,424.41 |
| 1 to 2 years | 2,854,214,040.69 | 3,351,245,049.36 |
| 2 to 3 years | 2,379,569,517.37 | 149,745,265.48 |
| More than 3 years | 724,576,205.43 | 670,764,658.15 |
| Total | 18,817,580,701.92 | 18,698,517,397.40 |

The aging analysis is counted starting from the date when accounts payable are recognized.

(2) Significant accounts payable with aging of over 1 year

December 31, 2021

| Name of creditors | Amount | Reason for outstanding or not transfer |
|---|----------------|--|
| Mingyang Smart Energy Group, Ltd. (明陽智慧能源集團股份公司) | 413,499,430.04 | Not yet settled |
| CCCC Third Harbor Engineering Co., Ltd. | 160,569,175.48 | Not yet settled |
| China Energy Engineering Group Guangdong Thermal Power Engineering Co., Ltd. (中國能源建設集團廣東火電工程有限公司) | 130,967,658.35 | Not yet settled |
| China Nuclear Industry Second and Third Construction Co., Ltd. (中國核工業二三建設有限公司) | 121,469,569.08 | Not yet settled |
| China Construction Eighth Engineering Division Corp., Ltd. | 89,109,562.81 | Not yet settled |
| Total | 915,615,395.76 | |

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(All amounts in RMB unless otherwise stated)

25. Contract liabilities

(1) Contract liabilities

| Item | December 31, 2021 | December 31, 2020 |
|--|-------------------|-------------------|
| Settled payments of uncompleted construction, installation and design service contracts | 4,061,736,430.35 | 3,181,547,355.22 |
| Payments of sales, technical services and construction, installation and design services received in advance | 63,036,530.25 | 49,491,306.23 |
| Total | 4,124,772,960.60 | 3,231,038,661.45 |

(2) Qualitative analysis of contract liabilities

The contract liabilities associated with the construction, installation and design service contracts are the balances prepaid by the customer under the contract under construction. The balance is generated when a specific milestone payment exceeds the revenue recognized as a result of the performance.

For revenue on goods sold, it is recognized when the control right of the product is transferred to the customer. When the customer purchases a product and prepays to the Group, the Group recognizes the transaction price received as the contract liabilities until the control right of the product is transferred to the customer.

Revenue generated from rendering of services is recognized over a period of time. The Group recognizes the contract liabilities when it initially receives the service payment and transfers it to revenue during the service period.

26. Employee benefits payable

(1) Employee benefits payable

| Item | January 1, 2021 | Increase during the year | Decrease during the year | December 31, 2021 |
|--|-----------------|--------------------------|--------------------------|-------------------|
| I. Short-term employee benefits payable | 139,345,790.87 | 9,568,610,104.89 | 9,656,913,114.69 | 51,042,781.07 |
| II. Post-employment benefits – defined contribution plan | 11,725,967.65 | 1,187,260,885.49 | 1,194,180,252.54 | 4,806,600.60 |
| III. Dismissal benefits | – | 634,021.36 | 634,021.36 | – |
| Total | 151,071,758.52 | 10,756,505,011.74 | 10,851,727,388.59 | 55,849,381.67 |

(2) Short-term employee benefits

| Item | January 1, 2021 | Increase during the year | Decrease during the year | December 31, 2021 |
|--|-----------------------|-----------------------------|-----------------------------|----------------------|
| 1. Salaries, bonuses, allowances and subsidies | 92,500,000.00 | 7,079,992,947.89 | 7,172,492,947.89 | - |
| 2. Staff welfare | - | 1,006,379,406.53 | 1,006,379,406.53 | - |
| 3. Social insurance premiums | 3,081,227.08 | 555,066,370.89 | 556,780,303.56 | 1,367,294.41 |
| Including: Medical insurance | 2,921,377.39 | 521,320,329.08 | 523,152,286.70 | 1,089,419.77 |
| Work-related injury insurance | 141,195.67 | 12,455,691.91 | 12,443,077.91 | 153,809.67 |
| Maternity insurance | 18,654.02 | 21,164,419.20 | 21,059,008.25 | 124,064.97 |
| Others | - | 125,930.70 | 125,930.70 | - |
| 4. Housing provident funds | 3,712,575.96 | 607,595,698.46 | 611,308,274.42 | - |
| 5. Labor union expenditures and employees' education expenses | 39,861,171.83 | 198,835,271.26 | 189,187,724.23 | 49,508,718.86 |
| 6. Other short-term employee benefits | 190,816.00 | 120,740,409.86 | 120,764,458.06 | 166,767.80 |
| Total | 139,345,790.87 | 9,568,610,104.89 | 9,656,913,114.69 | 51,042,781.07 |

(3) Post-employment benefits – defined contribution plan

| Item | January 1, 2021 | Increase during the year | Decrease during the year | December 31, 2021 |
|-----------------------------------|----------------------|-----------------------------|-----------------------------|----------------------|
| 1. Basic pension insurance | 4,065,158.27 | 625,986,930.86 | 625,379,920.56 | 4,672,168.57 |
| 2. Unemployment insurance | 82,993.81 | 6,743,712.09 | 6,728,891.44 | 97,814.46 |
| 3. Corporate annuity contribution | 7,577,815.57 | 554,530,242.54 | 562,071,440.54 | 36,617.57 |
| Total | 11,725,967.65 | 1,187,260,885.49 | 1,194,180,252.54 | 4,806,600.60 |

The Group participates in pension insurance and unemployment insurance schemes established by the government as required, pursuant to which, the Group contributes a stipulated proportion to pension insurance and unemployment insurance schemes respectively. In addition, according to the Group's corporate annuity management system, the Group is required to pay the corporate annuity contribution which is a fixed proportion to the Company's annual salary standard of previous year. Other than the above, the Group has no further payment responsibility. The corresponding expenses are recognized in profit or loss for the period or the cost of related assets when incurred.

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(All amounts in RMB unless otherwise stated)

27. Taxes payable

| Item | December 31, 2021 | December 31, 2020 |
|--|-------------------------|-------------------------|
| VAT | 402,748,479.74 | 407,229,775.26 |
| Urban maintenance and construction tax | 27,911,764.71 | 29,329,928.45 |
| Enterprise income tax | 913,501,246.87 | 874,516,621.97 |
| Individual income tax | 171,189,620.43 | 131,204,000.98 |
| Real estate tax | 18,302,682.33 | 2,943,332.65 |
| Duty stamp | 2,765,022.45 | 1,108,352.37 |
| Education surcharges | 19,983,479.51 | 20,990,429.64 |
| Others | 4,618,276.21 | 2,506,760.21 |
| Total | 1,561,020,572.25 | 1,469,829,201.53 |

28. Other payables

| Item | December 31, 2021 | December 31, 2020 |
|-------------------|-------------------------|-------------------------|
| Dividends payable | 808,784,268.88 | 9,053,293.01 |
| Other payables | 3,266,825,676.73 | 4,532,340,322.78 |
| Total | 4,075,609,945.61 | 4,541,393,615.79 |

(1) Dividends payable

| Name of entity | December 31, 2021 | December 31, 2020 |
|--|-----------------------|---------------------|
| Guangdong Electric Power Design Institute of China Energy Engineering Group | 11,821,768.88 | 9,053,293.01 |
| Hong Kong Nuclear Investment Co. Ltd. (香港核電投資有限公司) ("HKNIC") | 796,962,500.00 | – |
| Total | 808,784,268.88 | 9,053,293.01 |

Note: As at December 31, 2021 and December 31, 2020, the Group had dividends payable for more than 1 year of RMB9,053,293.01 and RMB0.00.

(2) Other payables

(a) Other payables by nature

| Item | December 31, 2021 | December 31, 2020 |
|----------------------------|-------------------------|-------------------------|
| Spent fuel management fund | 2,834,282,109.53 | 2,004,120,836.77 |
| Related party payments | 75,482,458.34 | 2,059,677,003.01 |
| Others | 357,061,108.86 | 468,542,483.00 |
| Total | 3,266,825,676.73 | 4,532,340,322.78 |

(b) Other payables aged over one year with significant amount

| Item | December 31, 2021 | December 31, 2020 | Reason for outstanding or not transfer |
|---|----------------------|-------------------------|--|
| CGNPC | 40,685,596.75 | 70,983,454.97 | Not yet settled |
| Guangxi GI Energy Group Co., Ltd. (廣西廣投能源有限公司) | – | 1,591,861,440.00 | Not yet settled |
| Total | 40,685,596.75 | 1,662,844,894.97 | |

29. Non-current liabilities due within one year

| Item | December 31, 2021 | December 31, 2020 |
|---|--------------------------|--------------------------|
| Long-term loans due within one year (Note (V) 31) | 16,950,174,243.56 | 16,188,601,190.14 |
| Long-term loans interest payable | 306,485,676.11 | 275,296,564.48 |
| Bonds payable due within one year (Note (V) 32) | 4,999,104,783.84 | 3,998,270,796.35 |
| Bonds payable interests payable | 185,604,014.72 | 197,268,124.33 |
| Post-employment benefit scheme liabilities due within one year (Note (V) 34) | 4,356,233.28 | 2,716,653.38 |
| Lease liabilities due within one year (Note (V) 33) | 273,933,299.02 | 247,102,487.71 |
| Total | 22,719,658,250.53 | 20,909,255,816.39 |

30. Other current liabilities

| Item | December 31, 2021 | December 31, 2020 |
|------------------------------|-------------------------|-----------------------|
| Short-term bonds payable (1) | 5,246,547,452.05 | – |
| Pending output tax | 794,310,094.05 | 609,623,356.68 |
| Total | 6,040,857,546.10 | 609,623,356.68 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(1) Changes in short-term bonds payable:

| Name of bonds | Face value | Issue date | Term | Issue amount | Opening balance | Issue during the year | Accrued interest based on the face value | Amortization of premiums or discounts | Repayment during the year | Closing balance |
|---------------------|-------------------------|------------|----------|-------------------------|-----------------|-------------------------|--|---------------------------------------|---------------------------|-------------------------|
| 21 CGN Power SCP001 | 2,000,000,000.00 | 09/03/2021 | 120 days | 2,000,000,000.00 | - | 2,000,000,000.00 | 17,753,424.66 | - | 2,017,753,424.66 | - |
| 21 CGN Power SCP002 | 1,000,000,000.00 | 08/06/2021 | 220 days | 1,000,000,000.00 | - | 1,000,000,000.00 | 13,724,383.56 | - | - | 1,013,724,383.56 |
| 21 CGN Power SCP003 | 2,000,000,000.00 | 06/07/2021 | 248 days | 2,000,000,000.00 | - | 2,000,000,000.00 | 24,618,630.13 | - | - | 2,024,618,630.13 |
| 21 CGN Power SCP004 | 800,000,000.00 | 16/08/2021 | 90 days | 800,000,000.00 | - | 800,000,000.00 | 4,122,739.73 | - | 804,122,739.73 | - |
| 21 CGN Power SCP005 | 1,200,000,000.00 | 15/09/2021 | 120 days | 1,200,000,000.00 | - | 1,200,000,000.00 | 7,882,520.55 | - | - | 1,207,882,520.55 |
| 21 CGN Power GN001 | 1,000,000,000.00 | 27/12/2021 | 120 days | 1,000,000,000.00 | - | 1,000,000,000.00 | 321,917.81 | - | - | 1,000,321,917.81 |
| Total | 8,000,000,000.00 | | | 8,000,000,000.00 | - | 8,000,000,000.00 | 68,423,616.44 | - | 2,821,876,164.39 | 5,246,547,452.05 |

31. Long-term loans

(1) Long-term loans by category

| Item | December 31, 2021 | December 31, 2020 |
|---|---------------------------|---------------------------|
| Credit loans | 28,492,720,834.55 | 19,042,406,012.38 |
| Guaranteed loans (Note 1) | 3,000,000,000.00 | 3,000,000,000.00 |
| Pledged loans (Note 2) | 140,448,785,905.69 | 150,140,469,397.78 |
| Secured loans (Note 3) | 930,488,501.35 | 698,914,812.09 |
| Total | 172,871,995,241.59 | 172,881,790,222.25 |
| Less: Long-term loans due within one year | 16,950,174,243.56 | 16,188,601,190.14 |
| Long-term loans due after one year | 155,921,820,998.03 | 156,693,189,032.11 |

Notes for classification of long-term loans:

Note 1: In August 2012, GNIC, a subsidiary of the Company, entered into the "Taiping Asset – CGN Power Project Debt Investment Plan Investment Contract" (《太平資產 – 中廣核電項目債權投資計劃投資合同》) with Taiping Asset Management Co., Ltd. (太平資產管理有限公司) pursuant to which Taiping Asset Management Co., Ltd. initiated the establishment of "Taiping Asset – CGN Power Project Debt Investment Plan" with the actual investment proceeds of RMB3 billion. The proceeds were invested in GNIC in the form of debts, and were used in the construction of nuclear power projects of Taishan Nuclear and Yangjiang Nuclear under GNIC. CGNPC provides a full unconditional irrevocable joint and several liability guarantee for all the obligations of GNIC under such contract to Taiping Asset Management Co., Ltd. As at December 31, 2021, the loan had not expired.

Note 2: Pledged loans are pledged by the Group with its interests under sales agreements of electricity, interest in the insurance contract and equity interest held. As at December 31, 2021, GNIC, Taishan Investment and the Company pledged the equity of Taishan Nuclear to obtain the long-term loans, and GNIC, the Company and CGN Nuclear Power Investment Co., Ltd. pledged the equity of Lingdong Nuclear to obtain the long-term loans. For details of other pledges of the aforesaid pledged loans of the Group, please refer to Note (V) 62.

Note 3: Secured loans are secured by the Company's subsidiaries Lingdong Nuclear and CGN Engineering with land use rights, buildings and equipment. For details, please refer to Note (V) 62.

The range of annual interest rate of the above loans:

| | 2021 | 2020 |
|--|---------------|---------------|
| Range of annual interest rate of the above loans | 0.21% – 5.30% | 0.40% – 5.30% |

32. Bonds payable

(1) Bonds payable

| Category | December 31, 2021 | December 31, 2020 |
|---|--------------------------|--------------------------|
| Long-term bonds (Note 1) | 2,000,000,000.00 | 2,000,000,000.00 |
| Medium-term bonds (Note 2) | 8,987,146,351.73 | 9,488,124,731.22 |
| Total | 10,987,146,351.73 | 11,488,124,731.22 |
| Less: Bonds payable due within one year | 4,999,104,783.84 | 3,998,270,796.35 |
| Bonds payable due after one year | 5,988,041,567.89 | 7,489,853,934.87 |

Note 1: The Group issued 07 CGN Debt on December 20, 2007 with a nominal value amounting to RMB2,000,000,000.00, which will become due and payable in December 2022.

Note 2: The Group issued 19 CGN Power MTN001, 19 CGN Power MTN002, 20 CGN Power MTN001, 21 CGN Power MTN001 and 21 CGN Power MTN002 on January 18, 2019, July 22, 2019, August 24, 2020, April 12, 2021 and June 15, 2021, respectively. These medium-term notes, with nominal values amounting to RMB1,500,000,000.00, RMB1,500,000,000.00, RMB2,500,000,000.00, RMB2,000,000,000.00 and RMB1,500,000,000.00, respectively, and a total cost of issuance of RMB25,500,000.00, will become due and payable in January 2022, July 2022, August 2023, April 2024 and June 2023, respectively.

(2) Changes in bonds payable

2021

| Name of bonds | Face value | Issue date | Term | Issue amount | January 1, 2021 | Accrued interest | | | | December 31, 2021 |
|---|--------------------------|------------|----------|--------------------------|--------------------------|-------------------------|-------------------------|---------------------------------------|---------------------------|--------------------------|
| | | | | | | Issue during the year | based on the face value | Amortization of premiums or discounts | Repayment during the year | |
| 07 CGN Debt | 2,000,000,000.00 | 20/12/2007 | 15 years | 2,000,000,000.00 | 2,000,000,000.00 | - | 118,000,000.00 | - | - | 2,000,000,000.00 |
| 18 CGN Power MTN001 | 1,000,000,000.00 | 23/04/2018 | 3 years | 1,000,000,000.00 | 999,786,582.01 | - | - | (213,417.99) | 1,000,000,000.00 | - |
| 18 CGN Power MTN002 | 1,000,000,000.00 | 23/04/2018 | 3 years | 1,000,000,000.00 | 999,787,119.26 | - | - | (212,880.74) | 1,000,000,000.00 | - |
| 18 CGN Power MTN003 | 1,000,000,000.00 | 21/08/2018 | 3 years | 1,000,000,000.00 | 999,444,322.62 | - | - | (555,677.38) | 1,000,000,000.00 | - |
| 18 CGN Power MTN004 | 1,000,000,000.00 | 17/10/2018 | 3 years | 1,000,000,000.00 | 999,252,772.46 | - | - | (747,227.54) | 1,000,000,000.00 | - |
| 19 CGN Power MTN001 | 1,500,000,000.00 | 18/01/2019 | 3 years | 1,500,000,000.00 | 1,498,713,590.14 | - | 52,500,000.00 | (964,439.53) | - | 1,499,678,029.67 |
| 19 CGN Power MTN002 | 1,500,000,000.00 | 22/07/2019 | 3 years | 1,500,000,000.00 | 1,497,854,247.38 | - | 53,250,000.00 | (1,230,739.17) | - | 1,499,084,986.55 |
| 20 CGN Power MTN001 | 2,500,000,000.00 | 24/08/2020 | 3 years | 2,500,000,000.00 | 2,493,286,097.35 | - | 90,500,000.00 | (2,389,827.78) | - | 2,495,675,925.13 |
| 21 CGN Power MTN001 | 2,000,000,000.00 | 12/04/2021 | 3 years | 2,000,000,000.00 | - | 1,994,000,000.00 | 50,103,013.70 | (1,245,782.85) | - | 1,995,245,782.85 |
| 21 CGN Power MTN002 | 1,500,000,000.00 | 15/06/2021 | 2 years | 1,500,000,000.00 | - | 1,497,000,000.00 | 26,770,684.93 | (461,627.53) | - | 1,497,461,627.53 |
| Total | 15,000,000,000.00 | | | 15,000,000,000.00 | 11,488,124,731.22 | 3,491,000,000.00 | 391,123,698.63 | (8,021,620.51) | 4,000,000,000.00 | 10,987,146,351.73 |
| Less: Bonds payable due within one year | | | | | 3,998,270,796.35 | | | | | 4,999,104,783.84 |
| Bonds payable due after one year | | | | | 7,489,853,934.87 | | | | | 5,988,041,567.89 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

33. Lease liabilities

(1) Lease liabilities

| Item | December 31, 2021 | December 31, 2020 |
|---|-------------------|-------------------|
| Lease liabilities | 966,106,149.29 | 824,037,195.19 |
| Less: Lease liabilities due within one year | 273,933,299.02 | 247,102,487.71 |
| Lease liabilities due after one year | 692,172,850.27 | 576,934,707.48 |

(2) Term of lease liabilities

| Item | December 31, 2021 | December 31, 2020 |
|----------------------------------|-------------------|-------------------|
| Within 1 year | 273,933,299.02 | 247,102,487.71 |
| 1 to 2 years (including 2 years) | 302,013,007.16 | 130,309,341.19 |
| 2 to 5 years (including 5 years) | 161,369,322.94 | 222,617,971.65 |
| More than 5 years | 228,790,520.17 | 224,007,394.64 |
| Total | 966,106,149.29 | 824,037,195.19 |

34. Long-term employee benefits payable

(1) Long-term employee benefits payable

| Item | December 31, 2021 | December 31, 2020 |
|--|-------------------|-------------------|
| Post-employment benefits – net liabilities of defined benefit plan | 57,011,233.28 | 42,022,653.38 |
| Cash-settled share-based payment | 142,778,077.84 | 35,764,317.95 |
| Total | 199,789,311.12 | 77,786,971.33 |
| Less: Liabilities of post-employment benefits due within one year | 4,356,233.28 | 2,716,653.38 |
| Net amount | 195,433,077.84 | 75,070,317.95 |

(2) Changes in defined benefit plan

The present value of obligations under the defined benefit plan:

| Item | 2021 |
|--|----------------|
| I. Opening balance | 42,022,653.38 |
| II. Defined benefit cost included in profit or loss | 21,224,000.00 |
| 1. Past service cost | 20,021,000.00 |
| 2. Net interest | 1,203,000.00 |
| III. Defined benefit cost included in other comprehensive income | (1,241,000.00) |
| 1. Actuarial gains | (1,241,000.00) |
| IV. Other changes | (4,994,420.10) |
| 1. Paid benefits | (4,994,420.10) |
| V. Closing balance | 57,011,233.28 |

The Group applies the following discount rate and growth rate actuarial assumptions for the above results of the defined benefit plan:

| Item | 2021 | 2020 |
|-------------------------|-------|-------|
| Discount rate | | |
| Discharge benefit plan | 2.54% | 2.90% |
| Retirement benefit plan | 2.81% | 3.10% |
| Growth rate | | |
| Discharge benefit plan | 2.00% | 2.00% |
| Retirement benefit plan | 2.60% | 2.70% |

The defined benefit plan usually exposes the Group to interest rate risk and longevity risk:

Interest rate risk: Rising discount rate will lead to a reduction in planned liabilities;

Longevity risk: As at December 31, 2021 and December 31, 2020, the life table used in the defined benefit plan is the experience life table of the pension business in China's life insurance industry (CL (2010-2013)).

Other explanation:

The Group provides supplementary retirement benefit plans for some resigned and retired employees. According to the plan, the supplementary retirement benefits paid by the Group include nursing recuperation fees, holiday fees, travel expenses, medical examination and vaccination fees and annually paid supplementary medical insurance in accordance with policies, and the benefits will be paid until their death.

The Group engaged China Life Pension Company Limited to estimate the present value of the retirement benefit plan obligations above in an actuarial manner based on the expected cumulative welfare unit method. The plan estimates future cash outflows based on inflation and mortality assumptions and determines its present value at a discount rate. The discount rate is determined according to the government bond market yield rate corresponding to the planned duration on the balance sheet date and the evaluation date of the defined benefit plan obligation and currency. The Group recognizes its liabilities based on the actuarial results. The relevant actuarial gains or losses are recognized in other comprehensive income and will not be reversed to profit or loss in subsequent accounting periods. Past service costs are recognized through profit or loss for the current period in which the plan is revised. The net interest is determined by multiplying the defined benefit plan net liabilities or net assets by the appropriate discount rate.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

35. Provisions

| Item | December 31, 2021 | December 31, 2020 | Reason |
|---|-------------------------|-------------------------|--------|
| Provision for NPP decommissioning | 4,864,931,311.56 | 4,601,580,302.59 | Note 1 |
| Provision for low and medium level radioactive waste disposal | 469,453,033.20 | 425,666,773.00 | Note 2 |
| Others | 439,109.02 | 3,679,668.02 | |
| Total | 5,334,823,453.78 | 5,030,926,743.61 | |

Note 1: It is the discounted value of the best estimate of the expected cost of NPP decommissioning of the Group.

Note 2: It is the best estimate of the expected disposal cost of low and medium level radioactive waste generated by NPPs.

36. Deferred income

| Item | January 1, 2021 | Increase during the year | Decrease during the year | December 31, 2021 | |
|-------------------|------------------|--------------------------|---|-------------------|-------------------------|
| | | | Amortization amount of the year | | |
| | | | Exchange differences arising on translation of financial statements | | |
| Government grants | 2,043,610,971.48 | 491,408,973.04 | 173,787,701.63 | 14,405.51 | 2,361,217,837.38 |

(1) Items related to government grants

| Item | January 1, 2021 | Increase in grants during the year | Decrease during the year | December 31, 2021 | |
|-------------------------------------|-------------------------|------------------------------------|---|-------------------|-------------------------|
| | | | Amount recognized in other gains for the year | | |
| | | | Exchange differences arising on translation of financial statements | | |
| Government grants related to asset | 1,663,567,133.99 | 337,068,759.38 | 138,328,096.88 | 14,405.51 | 1,862,293,390.98 |
| Government grants related to income | 380,043,837.49 | 154,340,213.66 | 35,459,604.75 | – | 498,924,446.40 |
| Total | 2,043,610,971.48 | 491,408,973.04 | 173,787,701.63 | 14,405.51 | 2,361,217,837.38 |

(2) Details

| Item | January 1, 2021 | Increase in grants during the year | Decrease during the year | Exchange differences arising on translation of financial statements | December 31, 2021 | Related to asset/related to income |
|---|-------------------------|------------------------------------|--------------------------|---|-------------------------|------------------------------------|
| Special fund for infrastructure expenses of nuclear power equipment proprietary project from the Ministry of Finance | 59,409,000.00 | - | 4,479,000.00 | - | 54,930,000.00 | Related to asset |
| Grant for the R&D and test verification platform construction project of small reactor and nuclear main pump operation and maintenance technology | 74,620,000.00 | - | - | - | 74,620,000.00 | Related to asset |
| Grant for Energy Independent Innovation Project by Ministry of Finance in 2011 | 17,829,000.00 | - | 11,886,000.00 | - | 5,943,000.00 | Related to asset |
| Grant for Daya Bay spent fuel storage facility renovation project | 402,241,756.15 | 10,000,000.00 | 49,967,909.38 | 14,405.51 | 362,259,441.26 | Related to asset |
| Experimental study on Critical Heat Flux of Shanghai Nuclear Engineering Research and Design Institute | 62,427,800.00 | - | - | - | 62,427,800.00 | Related to asset |
| Grant for large-scale thermal hydraulics and comprehensive experimental facility of advanced nuclear fuel components construction project | 46,970,000.00 | - | - | - | 46,970,000.00 | Related to asset |
| Subsidy with discounted interest from special funds in Guangdong Province to encourage imports of important supplies | 70,587,737.89 | - | 2,241,172.02 | - | 68,346,565.87 | Related to asset |
| Research fund for key technologies for accident-tolerant fuels | 49,469,533.34 | - | 10,061,600.00 | - | 39,407,933.34 | Related to asset |
| Strategic projects of NDRC | 91,250,000.00 | 238,655,000.00 | - | - | 329,905,000.00 | Related to asset |
| Other government grants related to income | 380,043,837.49 | 154,340,213.66 | 35,459,604.75 | - | 498,924,446.40 | Related to income |
| Other government grants related to asset | 788,762,306.61 | 88,413,759.38 | 59,692,415.48 | - | 817,483,650.51 | Related to asset |
| Total | 2,043,610,971.48 | 491,408,973.04 | 173,787,701.63 | 14,405.51 | 2,361,217,837.38 | |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

37. Share capital

| | December 31, 2021 | December 31, 2020 |
|---|-------------------|-------------------|
| Restricted shares | | |
| Domestic shares (A shares) | 29,580,630,375.00 | 29,580,630,375.00 |
| Including: CGNPC | 29,176,641,375.00 | 29,176,641,375.00 |
| Other domestic shares | 403,989,000.00 | 403,989,000.00 |
| Subtotal | 29,580,630,375.00 | 29,580,630,375.00 |
| Unrestricted shares | | |
| Domestic shares (A shares) | 9,754,355,725.00 | 9,754,355,725.00 |
| Including: Guangdong Hengjian Investment Holdings Co., Ltd. (廣東恒健投資控股有限公司) | 3,428,512,500.00 | 3,428,512,500.00 |
| Other domestic shares | 6,325,843,225.00 | 6,325,843,225.00 |
| Overseas listed foreign shares (H shares) | 11,163,625,000.00 | 11,163,625,000.00 |
| Including: CGNPC and its subsidiaries | 528,302,000.00 | 103,726,000.00 |
| Other foreign shares | 10,635,323,000.00 | 11,059,899,000.00 |
| Subtotal | 20,917,980,725.00 | 20,917,980,725.00 |
| Total | 50,498,611,100.00 | 50,498,611,100.00 |

CGNPC planned to increase its holdings of H shares of the Company within 12 months from March 26, 2020, and the cumulative increase in holdings would not exceed 2% of the total number of issued H shares of the Company as of March 26, 2020 (the "First Shareholding Increase Plan"). As at March 26, 2021, the first implementation period of CGNPC's H share increase plan expired, and the implementation of the First Shareholding Increase Plan was completed. From March 26, 2020 to March 25, 2021, CGNPC, together with its subsidiaries, had increased its holdings by 194,286,000 H shares of the Company in aggregate.

CGNPC planned to continue to increase its holdings of H shares of the Company within 12 months from April 26, 2021, and the cumulative increase in holdings would not exceed 5% of the total number of issued H shares of the Company as of April 26, 2021. As at December 31, 2021, CGNPC, together with its subsidiaries, had increased its holdings by 528,302,000 H shares of the Company in total (including the First Shareholding Increase Plan).

38. Capital reserve

| Item | January 1, 2021 | Increase during the year | December 31, 2021 |
|--|---------------------|--------------------------|---------------------|
| Share premium | 32,850,511,766.08 | 82,547.17 | 32,850,594,313.25 |
| – Share capital contributed by owners | 36,594,105,123.18 | – | 36,594,105,123.18 |
| – Business combination involving entities under common control | (4,009,274,475.26) | – | (4,009,274,475.26) |
| – Others | 265,681,118.16 | 82,547.17 | 265,763,665.33 |
| Restructuring valuation adjustment | (27,701,479,836.62) | – | (27,701,479,836.62) |
| Other capital reserve | 5,634,972,203.88 | 6,326,645.12 | 5,641,298,849.00 |
| Total | 10,784,004,133.34 | 6,409,192.29 | 10,790,413,325.63 |

39. Other comprehensive income

| Item | Balance as at January 1, 2021 | Incurred amount before income tax for the year | Amount incurred for the year | | Balance as at December 31, 2021 |
|--|----------------------------------|--|------------------------------|--|------------------------------------|
| | | | Less: income tax expenses | Attributable to the shareholders of parent company, after-tax | |
| I. Other comprehensive income that will not be reclassified to profit or loss | 111,181,085.59 | 54,393,554.83 | 8,232,897.45 | 46,200,282.38 | 157,381,367.97 |
| 1. Change arising from remeasurement of defined benefit plan | (12,836,316.11) | 1,241,000.00 | – | 1,280,625.00 | (11,555,691.11) |
| 2. Other comprehensive income that cannot be transferred to profit or loss under the equity method | (6,292,550.00) | (1,733,428.18) | – | (1,733,428.18) | (8,025,978.18) |
| 3. Change in fair value of investment in other equity instruments | 130,309,951.70 | 54,885,983.01 | 8,232,897.45 | 46,653,085.56 | 176,963,037.26 |
| II. Other comprehensive income that may be reclassified to profit or loss | 294,125,622.54 | (141,366,564.94) | – | (106,024,923.70) | 188,100,698.84 |
| 1. Other comprehensive income that can be transferred to profit or loss under the equity method | (1,833,294.26) | – | – | – | (1,833,294.26) |
| 2. Translation differences arising from translation of foreign currency financial statements | 295,958,916.80 | (141,366,564.94) | – | (106,024,923.70) | 189,933,993.10 |
| Total other comprehensive income | 405,306,708.13 | (86,973,010.11) | 8,232,897.45 | (59,824,641.32) | 345,482,066.81 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

40. Specific reserve

| Item | January 1, 2021 | Increase during the year | Decrease during the year | December 31, 2021 |
|--------------------------|-----------------|--------------------------|--------------------------|-------------------|
| Safe production expenses | 248,862,260.50 | 169,564,981.82 | 169,055,789.48 | 249,371,452.84 |

41. Surplus reserve

| Item | January 1, 2021 | Transfer to surplus reserve during the year | Decrease during the year | December 31, 2021 |
|----------------------------|------------------|---|--------------------------|-------------------|
| Statutory surplus reserves | 4,346,624,819.53 | 554,902,745.26 | – | 4,901,527,564.79 |

42. Retained earnings

| Item | 2021 | 2020 |
|---|-------------------|-------------------|
| Retained earnings at the beginning of the year | 28,989,865,085.43 | 23,667,716,575.70 |
| Add: Net profit attributable to shareholders of the parent company for the year | 9,732,589,251.46 | 9,562,307,621.17 |
| Less: Appropriation of statutory surplus reserves | 554,902,745.26 | 402,285,504.90 |
| Distributable profits for shareholders | 38,167,551,591.63 | 32,827,738,691.97 |
| Less: Profits payable (Note 1) | 4,042,404,097.31 | 3,837,873,606.54 |
| Retained earnings at the end of the year (Note 2) | 34,125,147,494.32 | 28,989,865,085.43 |

Note 1: On May 26, 2021, a profit distribution plan was considered and approved at the general meeting of the Company, which proposed to distribute cash dividends of RMB0.080 (tax inclusive) per share based on total shares of 50,498,611,100 shares to all shareholders in order to distribute cash dividends from the accumulated retained earnings for 2020 of RMB4,042,404,097.31 to shareholders. As at December 31, 2021, the dividends above were paid.

Note 2: As at December 31, 2021 and December 31, 2020, the balance of retained earnings of the Group included the surplus reserves used by subsidiaries which were RMB9,332,928,660.74 and RMB8,064,507,452.07, respectively.

43. Operating revenue and operating costs

| Item | 2021 | | 2020 | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Revenue | Cost | Revenue | Cost |
| From principal operations | 80,230,834,162.30 | 53,527,605,258.17 | 70,156,726,724.06 | 44,023,799,741.22 |
| Of which: Sales of electricity | 58,709,216,824.30 | 32,676,491,215.59 | 55,511,979,059.34 | 29,950,692,954.90 |
| Construction, installation and design services | 19,948,726,923.03 | 19,586,469,639.46 | 12,776,551,417.97 | 12,640,665,612.43 |
| Rendering of services | 1,001,516,667.20 | 763,367,822.84 | 934,409,442.09 | 674,023,497.88 |
| Sales of goods and others | 571,373,747.77 | 501,276,580.28 | 933,786,804.66 | 758,417,676.01 |
| From other operations | 447,910,595.65 | 367,734,850.61 | 427,983,833.07 | 395,492,040.96 |
| Total | 80,678,744,757.95 | 53,895,340,108.78 | 70,584,710,557.13 | 44,419,291,782.18 |

- (1) For the details of operating revenue, please refer to Note (XIV) 1 (2).
- (2) As at December 31, 2021, the transaction price attributable to outstanding (or partially outstanding) performance obligation and the estimated time of revenue recognition:

| Item | 2022 | 2023 | 2024 | After January 1, | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | | 2025 | Total |
| Construction, installation and design services | 18,253,824,295.95 | 17,534,416,993.41 | 20,351,030,291.06 | 22,296,170,987.66 | 78,435,442,568.08 |
| Rendering of services | 407,309,916.70 | 306,042,287.92 | 293,639,222.26 | 630,482,540.55 | 1,637,473,967.43 |
| Sales of goods and others | 376,415,835.50 | 366,826,040.88 | 425,388,355.74 | 472,109,849.11 | 1,640,740,081.23 |
| Total | 19,037,550,048.15 | 18,207,285,322.21 | 21,070,057,869.06 | 23,398,763,377.32 | 81,713,656,616.74 |

- (3) As at December 31, 2021, there was no significant variable consideration in the transaction price of the Group.

44. Taxes and surcharges

| Item | 2021 | 2020 |
|---------------------------------------|----------------|----------------|
| City maintenance and construction tax | 244,104,991.29 | 257,527,004.87 |
| Education surcharges | 174,547,031.69 | 184,208,999.99 |
| Real estate tax | 141,773,380.69 | 129,525,345.10 |
| Stamp duty | 42,852,885.70 | 43,031,902.48 |
| Others | 6,967,338.82 | 7,444,880.83 |
| Total | 610,245,628.19 | 621,738,133.27 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

45. Selling expenses

| Item | 2021 | 2020 |
|-------------------------|----------------------|----------------------|
| Employees' remuneration | 56,498,912.63 | 45,088,027.29 |
| Others | 22,495,291.59 | 26,070,527.50 |
| Total | 78,994,204.22 | 71,158,554.79 |

46. Administrative expenses

| Item | 2021 | 2020 |
|--------------------------------------|-------------------------|-------------------------|
| Employees remuneration | 1,285,792,652.49 | 1,222,108,272.77 |
| Depreciation and amortization | 417,495,396.58 | 453,513,441.74 |
| Information technology expenses | 195,758,886.20 | 185,961,247.09 |
| Logistics service expenses | 141,427,398.36 | 148,860,688.17 |
| Labor technical service fees | 150,058,037.29 | 158,293,926.10 |
| Professional service consulting fees | 12,109,480.87 | 41,927,453.85 |
| Office expenses | 29,793,694.12 | 32,572,559.38 |
| Travelling expenses | 19,740,375.09 | 25,069,764.32 |
| Rental expenses | 9,696,070.44 | 2,692,034.62 |
| Other expenses | 164,159,556.52 | 121,590,315.70 |
| Total | 2,426,031,547.96 | 2,392,589,703.74 |

47. R&D expenses

| Item | 2021 | 2020 |
|---|-------------------------|-------------------------|
| Commissioning fees paid for R&D outsourcing, cooperation and others | 848,762,696.09 | 689,345,234.91 |
| Employees remuneration | 439,894,395.98 | 472,337,301.76 |
| Inspection expenses | 150,503,974.48 | 193,633,342.89 |
| Depreciation and amortization | 145,421,292.13 | 79,933,882.25 |
| Others | 168,452,880.14 | 100,738,782.06 |
| Total | 1,753,035,238.82 | 1,535,988,543.87 |

48. Finance costs

| Item | 2021 | 2020 |
|--|-------------------------|-------------------------|
| Interest expenses | 8,531,265,121.62 | 9,174,177,272.62 |
| Less: Capitalized interest expenses | 1,724,717,666.36 | 1,449,147,955.36 |
| Less: Interest income | 153,714,185.11 | 197,865,779.92 |
| Exchange (gains) losses | (608,340,769.85) | (65,038,991.08) |
| Less: Capitalized exchange (gains) losses | (533,999.40) | (10,804,324.29) |
| Interest expenses on the provision for NPP decommissioning | 287,687,954.27 | 279,206,423.71 |
| Interest expenses on lease liabilities | 37,844,402.26 | 41,542,830.92 |
| Bank charges and others | 30,870,069.49 | 34,066,960.89 |
| Total | 6,401,428,925.72 | 7,827,745,086.07 |

49. Other gains

| Item | 2021 | Including: Amount included in non-recurring gains and losses | 2020 | Including: Amount included in non-recurring gains and losses |
|-------------------------|-------------------------|--|-------------------------|--|
| VAT refunds (Note) | 1,404,992,858.69 | – | 2,015,985,273.13 | – |
| Other government grants | 285,563,013.95 | 285,563,013.95 | 217,866,266.33 | 217,866,266.33 |
| Others | 8,389,156.27 | – | 14,636,283.78 | – |
| Total | 1,698,945,028.91 | 285,563,013.95 | 2,248,487,823.24 | 217,866,266.33 |

Note: For the value-added tax refunds received by the Group's subsidiaries that satisfied the preferential VAT "levy first, refund later" policy, the Group adopted the "levy first, refund later" policy for VAT in respect of its sale of electricity to grid companies generated by Lingdong Nuclear, Yangjiang Nuclear, Ningde Nuclear, Fangchenggang Nuclear and Taishan Nuclear. For details, please see Note (IV) 2.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

50. Investment income

Details of investment income

| Item | 2021 | 2020 |
|--|-------------------------|-------------------------|
| Income from long-term equity investments accounted for using the equity method | 1,364,197,656.78 | 1,119,833,344.38 |
| Income from derivative financial instruments | – | 11,580,810.36 |
| Investment income from holding other equity instruments | 15,057,316.99 | 20,344,882.77 |
| Others | (12,343,312.50) | (8,182,595.75) |
| Total | 1,366,911,661.27 | 1,143,576,441.76 |

51. Losses/(gains) arising from changes in fair value

| Item | 2021 | 2020 |
|--|-------------------------|---------------------|
| Losses from changes in fair value of derivative financial instruments | – | (3,357,683.91) |
| Losses/(gains) from changes in fair value of cash-settled share-based payments | (103,245,506.73) | 8,624,550.31 |
| Total | (103,245,506.73) | 5,266,866.40 |

52. Losses from credit impairment

| Item | 2021 | 2020 |
|--|------------------------|------------------------|
| Bad debts losses of accounts receivable | (28,558,469.93) | (22,632,943.73) |
| Bad debts gains/(losses) of other receivables | 13,963,230.35 | (3,344,362.24) |
| Bad debt (losses)/gains for dividends receivable | (224.76) | 4,720,628.41 |
| Total | (14,595,464.34) | (21,256,677.56) |

53. Asset impairment losses

| Item | 2021 | 2020 |
|--|-------------------------|-------------------------|
| Impairment losses of inventories | (6,874,892.27) | (2,474,942.46) |
| Reversal of impairment gains/(losses) of contract assets | 1,915,118.92 | (196,994,475.34) |
| Impairment losses of fixed assets | (8,903,054.17) | – |
| Impairment losses of construction in progress | (134,231,261.53) | – |
| Total | (148,094,089.05) | (199,469,417.80) |

54. Gains/(losses) arising from assets disposal

| Item | 2021 | 2020 |
|--|-----------|----------------|
| Gains/(losses) from disposal of fixed assets | 78,676.45 | (1,293,786.08) |

55. Non-operating income

| Item | 2021 | Including: Amount included in non-recurring gains and losses | 2020 | Including: Amount included in non-recurring gains and losses |
|--------|---------------|--|---------------|--|
| Others | 47,254,111.21 | 47,254,111.21 | 44,318,439.93 | 44,318,439.93 |

56. Non-operating expenses

| Item | 2021 | Including: Amount included in non-recurring gains and losses | 2020 | Including: Amount included in non-recurring gains and losses |
|---------------|-----------------------|--|----------------------|--|
| Donations | 30,409,971.13 | 30,409,971.13 | 70,839,535.30 | 70,839,535.30 |
| Others (Note) | 204,393,011.65 | 204,393,011.65 | 14,867,431.59 | 14,867,431.59 |
| Total | 234,802,982.78 | 234,802,982.78 | 85,706,966.89 | 85,706,966.89 |

Note: In 2021, Lufeng Nuclear paid RMB172,124,325.00 due to the contract claims from contractor arising from construction projects.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

57. Income tax expenses

| Item | 2021 | 2020 |
|---|-------------------------|-------------------------|
| Current income tax expenses | 2,568,535,124.33 | 2,268,250,231.44 |
| Deferred income tax expenses | (79,481,711.61) | (282,236,553.25) |
| Adjustments to income tax of previous years | (46,877,886.55) | (11,528,884.67) |
| Total | 2,442,175,526.17 | 1,974,484,793.52 |

(1) Reconciliation of income tax expenses to accounting profits

| Item | For the period from January 1, to December 31, 2021 | For the period from January 1, to December 31, 2020 |
|---|---|---|
| Accounting profits | 18,126,120,539.20 | 16,850,121,476.21 |
| Income tax calculated at tax rate of 25% | 4,531,530,134.80 | 4,212,530,369.05 |
| Adjustment of income tax in previous years | (46,877,886.55) | (11,528,884.67) |
| Tax effect of non-taxable income | (439,584,944.01) | (500,987,116.73) |
| Tax effect of non-deductible expenses | 64,265,962.03 | 108,105,691.95 |
| Tax effect of utilization of unrecognized deductible losses and deductible temporary differences in previous years | (205,558.76) | (17,233,545.67) |
| Tax effect of unrecognized deductible losses and deductible temporary differences | 571,255,774.27 | 269,926,146.01 |
| The effect of the inconsistency between income tax rate applicable to the current period and the income tax rate when measuring the deferred income tax | (5,240,035.98) | (7,634,233.60) |
| Tax effect of tax incentives | (1,740,320,638.64) | (1,672,891,922.77) |
| Tax effect of tax-free income | (345,031,067.86) | (285,044,556.79) |
| Additional deduction for R&D costs | (177,357,717.70) | (151,007,444.81) |
| Others | 29,741,504.57 | 30,250,291.55 |
| Income tax expenses | 2,442,175,526.17 | 1,974,484,793.52 |

58. Calculation of basic earnings per share

(1) Basic earnings per share

Basic earnings per share are calculated by dividing the consolidated net profit attributable to holders of ordinary shares of the Company by the weighted average number of ordinary shares of the Company in issue:

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Consolidated net profit attributable to shareholders of ordinary shares of the Company | 9,732,589,251.46 | 9,562,307,621.17 |
| Weighted average number of ordinary shares of the Company in issue | 50,498,611,100.00 | 50,498,611,100.00 |
| Basic earnings per share (RMB/share) | 0.193 | 0.189 |

In 2021 and 2020, the Group did not have dilutive potential ordinary shares. Therefore, diluted earnings per share were the same as the basic earnings per share.

59. Government grants

As at December 31, 2021, except for government grants related to asset and income as disclosed in Note (V) 36, the summary of government grants of the Group included in profit or loss is as follows:

| Government grants | 2021 | 2020 |
|--|-------------------------|-------------------------|
| VAT refunds | 1,404,992,858.69 | 2,015,985,273.13 |
| Grant for Daya Bay spent fuel storage facility renovation project | 49,967,909.38 | 2,074,469.00 |
| Rental subsidy for headquarters premises | 17,119,400.00 | – |
| Funding for supporting projects of nuclear equipment R&D center | 13,500,000.00 | – |
| Grant for Energy Independent Innovation Project by Ministry of Finance in 2011 | 11,886,000.00 | 11,886,000.00 |
| Research fund for key technologies for accident-tolerant fuels | 10,061,600.00 | – |
| Grants for key enterprise research institutes in Shenzhen | 10,000,000.00 | – |
| Industry special fund to support innovative entities in Futian District | 8,750,000.00 | – |
| R&D project of NPP full-scale serious accident simulation platform | 5,707,650.20 | 5,946,109.73 |
| Funding for supporting the research project of offshore wind power and emerging industry development strategies | 5,493,000.00 | – |
| Special fund for infrastructure expenses of nuclear power equipment proprietary project from the Ministry of Finance | 4,479,000.00 | 5,493,000.00 |
| Government subsidy from the Shenzhen Industrial and Information Technology Bureau | 3,948,779.00 | – |
| Technological innovation – subsidies for technological project establishment and incentive supporting projects | 3,450,000.00 | – |
| Special funds for provincial modern service industry in Gusu District, Suzhou City | 2,360,000.00 | – |
| Subsidy with discounted interest from special funds in Guangdong Province to encourage imports of important supplies | 2,241,172.02 | 2,688,044.23 |
| Fuel design procedures and model evaluation | 1,618,060.00 | – |
| Enterprise R&D Funding by the Science and Technology Innovation Commission in 2019 | 29,070.00 | 6,200,000.00 |
| Provincial special funds by Taishan Finance Bureau | – | 20,330,000.00 |
| Enterprise Contribution Award | – | 20,000,000.00 |
| Others | 134,951,373.35 | 143,248,643.37 |
| Total | 1,690,555,872.64 | 2,233,851,539.46 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

60. Cash flow statements items

(1) Cash received from other operating activities

| Item | 2021 | 2020 |
|---|-------------------------|-------------------------|
| Guarantee deposit and deposit | 1,094,270,873.85 | 920,399,566.93 |
| Service payments received from related parties and engineering payments received from related parties | 20,286,846.16 | 1,104,393,837.87 |
| Government grants related to asset | 337,068,759.38 | 194,301,567.57 |
| Government grants related to income | 266,115,525.98 | 268,398,374.36 |
| Bank settlement and interest | 128,160,437.74 | 170,857,991.20 |
| Liquidated damages, refunds and advances | 16,807,330.87 | 40,792,605.19 |
| Rental, consulting and other services income | 125,926,790.30 | 19,156,263.39 |
| Others | 346,692,613.07 | 298,240,030.17 |
| Total | 2,335,329,177.35 | 3,016,540,236.68 |

(2) Cash paid to other operating activities

| Item | 2021 | 2020 |
|--|-------------------------|-------------------------|
| Guarantee deposit and deposit | 1,038,733,240.29 | 1,054,625,916.42 |
| Service payments to related parties and engineering payments received in advance | 1,236,718,255.83 | 1,500,636,841.60 |
| Travelling expenses and other expenses reimbursement | 102,869,424.21 | 230,256,661.15 |
| Labor union fees | 97,409,735.47 | 88,520,168.52 |
| Consulting and other services expenses | 101,706,948.25 | 216,725,582.65 |
| Remittance of other expenses and other reimbursements | 241,754,754.53 | 479,648,985.83 |
| Transportation service fees | 83,161,310.57 | 93,134,871.67 |
| Insurance | 82,555,460.86 | 89,590,252.83 |
| Others | 252,290,698.23 | 275,982,626.11 |
| Total | 3,237,199,828.24 | 4,029,121,906.78 |

(3) Cash received from other investing activities

| Item | 2021 | 2020 |
|--|-------------------------|-------------------------|
| Recovery of fixed deposits with maturities of more than three months | 5,108,282,118.66 | 4,262,510,861.90 |
| Others | 62,154,404.96 | 39,521,912.11 |
| Total | 5,170,436,523.62 | 4,302,032,774.01 |

(4) Cash paid to other investing activities

| Item | 2021 | 2020 |
|---|-------------------------|-------------------------|
| Deposit of fixed deposits with maturities of more than three months | 5,994,766,631.66 | 2,942,140,081.90 |
| Others | 34,854,276.60 | 29,734,142.78 |
| Total | 6,029,620,908.26 | 2,971,874,224.68 |

(5) Cash received from other financing activities

| Item | 2021 | 2020 |
|--|------|----------------|
| Prepayment for investment in Fangchenggang Nuclear Phase II Project received | – | 271,830,000.00 |

(6) Cash paid to other financing activities

| Item | 2021 | 2020 |
|-----------------------------------|-----------------------|-----------------------|
| Payment of cash related to leases | 291,227,417.02 | 320,765,153.09 |
| Others | 29,686,264.68 | 16,674,600.81 |
| Total | 320,913,681.70 | 337,439,753.90 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

61. Supplementary information to cash flow statements

(1) Supplementary information to cash flow statements

| Supplementary information | 2021 | 2020 |
|--|--------------------|--------------------|
| (a) Reconciliation of net profit to cash flows from operating activities: | | |
| Net profit | 15,683,945,013.03 | 14,875,636,682.69 |
| Add: Losses from credit impairment | 14,595,464.34 | 21,256,677.56 |
| Asset impairment losses | 148,094,089.05 | 199,469,417.80 |
| Depreciation of fixed assets | 10,563,168,804.59 | 10,355,836,213.53 |
| Amortization of intangible assets | 550,475,697.82 | 447,161,919.24 |
| Amortization of long-term deferred expenses | 68,601,430.89 | 87,660,064.47 |
| Depreciation of investment properties | 30,405,050.95 | 25,615,296.87 |
| Depreciation of right-of-use assets | 324,583,496.52 | 284,659,503.71 |
| (Gains)/losses on disposal of fixed assets, intangible assets and other long-term assets | (78,676.45) | 1,293,786.08 |
| Losses on retirement of fixed assets | 28,894,471.49 | 14,193,455.71 |
| Losses/(gains) from changes in fair value | 103,245,506.73 | (5,266,866.40) |
| Finance costs | 6,480,334,079.73 | 7,893,734,655.37 |
| Investment income | (1,366,911,661.27) | (1,143,576,441.76) |
| Increase in deferred tax assets | (134,772,544.13) | (273,095,844.85) |
| Increase in deferred tax liabilities | 55,290,832.52 | 11,800,384.73 |
| Decrease/(increase) in contract assets | 458,486,216.12 | (579,142,581.70) |
| Increase in contract liabilities | 893,734,299.15 | 1,687,796,308.90 |
| (Increase)/decrease in inventories | (272,853,038.17) | 3,424,168,411.30 |
| Increase in operating receivables | (1,442,711,482.54) | (7,648,053,111.33) |
| Increase in operating payables | 2,724,574,238.85 | 473,692,591.22 |
| Net cash flows from operating activities | 34,911,101,289.22 | 30,154,840,523.14 |
| (b) Net changes in cash and cash equivalents: | | |
| Closing balance of cash | 11,571,839,016.11 | 8,719,143,941.04 |
| Less: Opening balance of cash | 8,719,143,941.04 | 14,854,117,616.45 |
| Add: Closing balance of cash equivalents | — | — |
| Less: Opening balance of cash equivalents | — | — |
| Net increase/(decrease) in cash and cash equivalents | 2,852,695,075.07 | (6,134,973,675.41) |

(2) Cash received for disposal of subsidiaries and other business entities

| Item | 2021 | 2020 |
|--|------|--------------|
| Cash or cash equivalents received in current year for disposal of subsidiaries | — | 9,577,157.28 |
| Including: Shanghai Engineering Science & Technology Co., Ltd (上海中廣核工程科技有限公司) | — | 9,577,157.28 |
| Net cash received for disposal of subsidiaries | — | 9,577,157.28 |

(3) Composition of cash and cash equivalents

| Item | December 31, 2021 | December 31, 2020 |
|--|-------------------|-------------------|
| I. Cash | 11,571,839,016.11 | 8,719,143,941.04 |
| Including: Cash in hand | — | 3,367.06 |
| Bank deposits available on demand | 11,571,839,016.11 | 8,719,140,573.98 |
| II. Closing balance of cash and cash equivalents | 11,571,839,016.11 | 8,719,143,941.04 |

62. Assets with restricted ownership or right of use

| Item | December 31, 2021 | Reason for being restricted |
|-----------------------------------|-------------------|--|
| Cash at bank and in hand (Note 1) | 104,522,396.62 | Letters of guarantee and land reclamation deposits |
| Bills receivable (Note 2) | 1,700,000,000.00 | Pledged loans |
| Accounts receivable (Note 3) | 4,718,303,237.18 | Pledged loans |
| Fixed assets (Note 4) | 13,711,711,339.65 | Secured loans |
| Construction in progress (Note 5) | 773,632,000.00 | Secured loans |
| Intangible assets (Note 6) | 332,617,289.40 | Secured loans |
| Total | 21,340,786,262.85 | |

Note 1: The letters of guarantee were for the bank deposits of the Group (as the supplier) according to the supply and purchase contract and the land reclamation deposits were deposited by the Lufeng Nuclear to fulfill the obligations for land reclamation as required by the government.

Note 2: According to the transaction with interest paid by buyers entered into between Ningde Nuclear and Fujian Electric Grid Co., Ltd. (國網福建省電力有限公司), Ningde Nuclear discounts on the acceptance bills to the accepting bank in advance. If the bills remain unpaid by Fujian Electric Grid Co., Ltd. when the bills become due, the accepting bank has the right to recover from Ningde Nuclear the amount unpaid or advanced by the accepting bank for the bills, as well as the interest and related expenses during the delayed payment period. As at December 31, 2021, the discounted or endorsed bills receivable of Ningde Nuclear that were not yet due as at the balance sheet date amounted to RMB1.7 billion.

Note 3: On August 22, 2005, Lingdong Nuclear entered into the Common Terms Agreement on Loans for Phase II of Guangdong Ling'ao NPP Construction Project with China Development Bank (the "CDB"), Agricultural Bank of China Shenzhen Branch and Industrial and Commercial Bank of China Shenzhen Branch, and acquired a total loan facility equivalent to USD2.585 billion from the banks for the construction of its phase II project, with a maturity period ranged from 15 to 22 years. Lingdong Nuclear transferred its interest in the insurance contract of the phase II of the NPP project to CDB, and pledged the collection rights to all electricity sales income in the electricity sales income collection account to CDB.

On December 16, 2008, Yangjiang Nuclear entered into the Common Terms Agreement on Guangdong Yangjiang Nuclear Power Construction Project with six financial institutions including the CDB and the Bank of China, and obtained a total loan facility of RMB55.652 billion from the banks for its construction projects. The term of the loan shall not be more than 25 years from the date of signing the agreement. Yangjiang Nuclear transferred its interests in the insurance contract and the general contracting contract of the Guangdong Yangjiang Nuclear Power Construction Project to CDB, and pledged the collection rights to accounts receivable under the electricity sales contract to CDB.

Taishan Nuclear entered into the Common Terms Agreement on Phase I of Guangdong Taishan NPP Construction Project with six financial institutions including the CDB and the Bank of China, and obtained a total loan facility of RMB33.398 billion from the banks. The term of the loan shall not be more than 25 years from the date of signing the agreement. Taishan Nuclear transferred its interests in the insurance contract of the phase I of Guangdong Taishan NPP Construction Project to CDB, and pledged the collection rights to accounts receivable under the electricity sales contract to CDB.

On July 29, 2010, pledging the electricity sales receivables of Fangchenggang Phase I Construction Project, Fangchenggang Nuclear entered into a series of syndicate agreements with various financial institutions including the CGN Finance (as the leader), China Construction Bank and CDB to obtain a comprehensive borrowing facility equivalent to RMB22.671 billion (equivalent to USD0.4 billion) in aggregate for the construction of its phase I project, with a term from the date of signing until September 29, 2031. In addition, Fangchenggang Nuclear pledged the electricity sales receivables from the phase II project and signed a series of syndicate agreements with various financial institutions including China Construction Bank (as the leader), CDB and Export-Import Bank on February 16, 2016, obtaining comprehensive borrowing facilities equivalent to RMB28.529 billion and equivalent to USD246 million in aggregate for the construction of its phase II project, with a term from the date of the first withdrawal to the 25th anniversary after the date of the first withdrawal.

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(All amounts in RMB unless otherwise stated)

On April 18, 2008, pledging the collection rights to electricity sales receivables under the future power sales agreement of Ningde Phase I Construction Project, the interest in construction entrustment contract and the interest in the construction insurance, Ningde Nuclear signed the Common Terms Agreement with four financial institutions including Industrial and Commercial Bank of China to obtain a borrowing equivalent to RMB39.966 billion in aggregate, with a term of 20 to 25 years. On December 30, 2011, Ningde Nuclear pledged the income rights to the electricity fee of the Ningde Phase I Construction Project based on the loan ratio, and signed the Special Facility Contract with Postal Savings Bank of China Limited to obtain a total borrowing amounting to RMB2 billion, with a term of 10 years. The above borrowings were all used for the Ningde Nuclear Power Phase I Construction Project.

Note 4: According to the Commitment Letter on Land Use Rights and Equipment issued by Lingdong Nuclear to CDB, during the term of the loan contract, Lingdong Nuclear shall not, in any form, dispose of, including but not limited to sell, let or pledge, any of the equipment asset with an original value over USD500,000.

According to the Mortgage Contract signed by CGN Engineering and CDB on April 26, 2019, CGN Engineering pledged the 1200T self-elevating offshore wind power installation platform owned by it.

Note 5: According to the Finance Lease Agreements signed between Lufeng Nuclear and each of CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司) and CMB Financial Leasing CO., LTD., Lufeng Nuclear pledged its machinery and equipment of construction in progress to these two companies in exchange for bank loans, obtaining total borrowings of RMB500 million and RMB200 million respectively.

Note 6: According to the Loan Contract of China Guangdong Nuclear Power Engineering Building Agreement signed by CGN Engineering and ICBC on March 19, 2018, CGN Engineering pledged the land use rights of New Energy Industry Base owned by it.

63. Foreign currency monetary items

(1) Foreign currency monetary items

| Item | December 31, 2021 | | | December 31, 2020 | | |
|--------------------------|--------------------------|---------------|----------------|--------------------------|---------------|------------------|
| | Foreign currency balance | Exchange rate | RMB balance | Foreign currency balance | Exchange rate | RMB balance |
| Cash at bank and in hand | | | | | | |
| Including: USD | 4,304,769.11 | 6.3757 | 27,445,916.41 | 2,717,561.58 | 6.5249 | 17,731,817.55 |
| EUR | 22,314,714.65 | 7.2197 | 161,105,545.36 | 17,912,929.18 | 7.9610 | 142,604,829.20 |
| HKD | 254,644.96 | 0.8176 | 208,197.72 | 408,746.75 | 0.8342 | 340,976.54 |
| GBP | 6,262,465.61 | 8.6064 | 53,897,284.03 | 644,897.33 | 8.8903 | 5,733,330.73 |
| ZAR | - | 0.4004 | - | 48,763.01 | 0.4458 | 21,738.55 |
| RMB | 984,472,924.06 | 1.0000 | 984,472,924.06 | 1,003,489,307.71 | 1.0000 | 1,003,489,307.71 |
| Accounts receivable | | | | | | |
| Including: USD | 2,346,165.00 | 6.3757 | 14,958,444.19 | 2,155,228.21 | 6.5249 | 14,062,648.55 |
| EUR | 3,831,383.36 | 7.2197 | 27,661,438.44 | 1,865,904.40 | 7.9610 | 14,854,464.93 |
| GBP | 881,708.95 | 8.6064 | 7,588,339.91 | - | 8.8903 | - |
| RMB | 3,776,001.03 | 1.0000 | 3,776,001.03 | 1,680,042.79 | 1.0000 | 1,680,042.79 |
| Other receivables | | | | | | |
| Including: USD | 67,584.42 | 6.3757 | 430,897.99 | 186,113.91 | 6.5249 | 1,214,374.65 |
| EUR | 7,170,794.07 | 7.2197 | 51,770,981.95 | 7,423,409.92 | 7.9610 | 59,097,766.37 |
| HKD | 7,602.00 | 0.8176 | 6,215.40 | 7,602.00 | 0.8342 | 6,341.59 |
| GBP | 10,000.00 | 8.6064 | 86,064.00 | 346,425.48 | 8.8903 | 3,079,826.44 |
| RMB | 3,298,249.48 | 1.0000 | 3,298,249.48 | 10,216,113.30 | 1.0000 | 10,216,113.30 |
| Accounts payable | | | | | | |
| Including: USD | 10,358,567.99 | 6.3757 | 66,043,121.93 | 14,164,105.29 | 6.5249 | 92,419,370.61 |
| EUR | 74,276,290.11 | 7.2197 | 536,252,531.71 | 92,555,412.66 | 7.9610 | 736,833,640.19 |
| HKD | 16,341,284.29 | 0.8176 | 13,360,634.04 | 14,319,816.58 | 0.8342 | 11,945,590.99 |
| GBP | 813,400.60 | 8.6064 | 7,000,450.92 | 2,547,773.03 | 8.8903 | 22,650,466.57 |
| RMB | 118,940,303.52 | 1.0000 | 118,940,303.52 | 178,024,921.09 | 1.0000 | 178,024,921.09 |
| CHF | 1,560,992.94 | 6.9776 | 10,891,984.34 | 536,228.13 | 7.4434 | 3,991,360.46 |

| Item | December 31, 2021 | | | December 31, 2020 | | |
|--|-----------------------------|------------------|------------------|-----------------------------|------------------|------------------|
| | Foreign currency balance | Exchange rate | RMB balance | Foreign currency balance | Exchange rate | RMB balance |
| Other payables | | | | | | |
| Including: USD | - | 6.3757 | - | 400.00 | 6.5249 | 2,609.96 |
| EUR | 1,397,892.37 | 7.2197 | 10,092,363.54 | 780,956.32 | 7.9610 | 6,217,193.26 |
| HKD | 40,404.00 | 0.8176 | 33,034.31 | 40,404.00 | 0.8342 | 33,705.02 |
| RMB | 408,202,866.03 | 1.0000 | 408,202,866.03 | 418,105,957.61 | 1.0000 | 418,105,957.61 |
| Employee benefits payable | | | | | | |
| Including: RMB | 2,423,347.21 | 1.0000 | 2,423,347.21 | 2,506,808.38 | 1.0000 | 2,506,808.38 |
| Taxes payable | | | | | | |
| Including: RMB | 411,585,365.20 | 1.0000 | 411,585,365.20 | 409,628,934.88 | 1.0000 | 409,628,934.88 |
| Non-current liabilities due within one year | | | | | | |
| Including: EUR | 96,518,379.08 | 7.2197 | 696,833,741.44 | 207,773,972.71 | 7.9610 | 1,654,088,596.78 |
| RMB | 5,659,696.20 | 1.0000 | 5,659,696.20 | 6,608,819.68 | 1.0000 | 6,608,819.68 |
| Short-term loans | | | | | | |
| Including: EUR | - | 7.2197 | - | 1,116,776.93 | 7.9610 | 8,890,661.13 |
| Long-term loans | | | | | | |
| Including: EUR | 386,073,516.66 | 7.2197 | 2,787,334,968.23 | 515,491,621.55 | 7.9610 | 4,103,828,799.15 |
| Lease liabilities | | | | | | |
| Including: RMB | 7,872,382.25 | 1.0000 | 7,872,382.25 | 11,461,507.73 | 1.0000 | 11,461,507.73 |

(2) Description of overseas business entities:

The sales customers of GNPJVC are mainly GNIC and HKNIC, and all of the sales are conducted in USD. During the period of preparation for the establishment of GNPJVC, the funds required for the construction of the NPP were mainly obtained from loans for financing, the funds from which were mainly long-term USD loans, and such loans from financing activities were repaid in USD. Therefore, GNPJVC selected USD as its reporting currency.

(VI) Change of consolidation scope

1. Disposal of subsidiaries

There was no disposal of subsidiaries during the year from January 1, 2021 to December 31, 2021.

2. Establishment of subsidiaries

On April 26, 2021, the Company established Guizhou Yuping Clean Thermal Energy Co., Ltd. (貴州玉屏清潔熱能有限公司) as its wholly-owned subsidiary, which has a registered capital of RMB100,000,000.00.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(VII) Interests in other entities

1. Interests in subsidiaries

(1) Constitution of the corporate group

| Name of subsidiary | Principal place of operation | Place of registration | Business nature | Registered capital | Shareholding | | Method of acquisition |
|---|-------------------------------|-------------------------------|--|-----------------------|--------------|----------|---|
| | | | | | Direct | Indirect | |
| GMC (Note 1) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Investment | RMB 16,000,000,000.00 | 100.00% | - | Establishment |
| GNPVC (Note 2) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Nuclear power generation | USD 400,000,000.00 | - | 75.00% | Establishment |
| DNMC (Note 2) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Operations and management of NPP | RMB 250,000,000.00 | - | 87.50% | Establishment |
| CGN Nuclear Power Investment Co., Ltd. (中廣核電投有限公司)(Note 1) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Investment | RMB 100,000,000.00 | 77.78% | - | Establishment |
| CGN Minghe Investment Co., Ltd. (中廣核寧核投資有限公司)(Note 1) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Investment | RMB 100,000,000.00 | 56.52% | - | Establishment |
| Lingao Nuclear (Note 1) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Nuclear power generation | RMB 3,323,724,000.00 | 70.00% | 30.00% | Establishment |
| Lingdong Nuclear (Note 1) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Nuclear power generation | RMB 5,348,000,000.00 | 25.00% | 75.00% | Establishment |
| Yangjiang Nuclear (Note 2) | Yangjiang, Guangdong Province | Yangjiang, Guangdong Province | Nuclear power generation | RMB 15,506,000,000.00 | 34.00% | 25.00% | Establishment |
| China Nuclear Power Operations Co., Ltd. (中廣核電運有限公司)(Note 1) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Provision of management, technology and consultancy services | RMB 100,000,000.00 | 100.00% | - | Establishment |
| CNPRI (Note 1) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Nuclear power technology development | RMB 1,815,550,000.00 | 100.00% | - | Establishment |
| Inspection Company (Note 2) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Testing and maintenance of power stations | RMB 230,000,000.00 | - | 81.52% | Establishment |
| Guangdong Daya Bay Nuclear Power Environment Protection Co., Ltd. (廣東大亞灣核電環保有限公司)(Note 1) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Environment protection relating to nuclear power | RMB 30,000,000.00 | 100.00% | - | Establishment |
| China Nuclear Power (Shenzhen) Operational Technology and Radiation Monitoring Co., Ltd. (廣東大亞灣核電環保有限公司)(Note 1) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Radiation detection and evaluation, instrument verification | RMB 6,000,000.00 | - | 100.00% | Establishment |
| 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)(Note 1) | Beijing | Beijing | Nuclear power technology development | RMB 23,500,000.00 | - | 100.00% | Business combination not under common control |
| SNPI (Note 1) | Suzhou, Jiangsu Province | Suzhou, Jiangsu Province | Nuclear power technology development | RMB 513,950,000.00 | 100.00% | - | Business combination not under common control |
| CNPSTC (Note 2) | Beijing | Beijing | Nuclear power technology development | RMB 200,000,000.00 | - | 75.00% | Business combination not under common control |

| Name of subsidiary | Principal place of operation | Place of registration | Business nature | Registered capital | Shareholding | | Method of acquisition |
|--|-------------------------------|-------------------------------|---|----------------------|--------------|----------|---|
| | | | | | Direct | Indirect | |
| Ningde Nuclear (Note 1)(Note 3) | Ningde, Fujian Province | Ningde, Fujian Province | Nuclear power generation | RMB1,177,500,000.00 | - | 46.00% | Business combination not under common control |
| Taishan Nuclear (Note 2) | Taishan, Guangdong Province | Taishan, Guangdong Province | Nuclear power generation | RMB28,600,000,000.00 | 12.50% | 57.50% | Business combination under common control |
| Taishan Investment (Note 1) | Taishan, Guangdong Province | Taishan, Guangdong Province | Investment | RMB30,000,000.00 | 60.00% | - | Business combination under common control |
| CGN Engineering (Note 1) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Construction | RMB2,286,000,000.00 | 100.00% | - | Business combination under common control |
| CGN Design (Note 1) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Construction design | RMB79,360,000.00 | - | 60.00% | Business combination under common control |
| CGNPC AREVA (Note 2) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Other professional technical support | RMB280,000,000.00 | - | 55.00% | Business combination under common control |
| CGN Import & Export Co., Ltd. (中廣核進出口有限公司)(Note 1) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Import and export trade | RMB10,000,000.00 | - | 100.00% | Business combination under common control |
| Fangchenggang Nuclear (Note 1) | Fangchenggang, Guangxi | Fangchenggang, Guangxi | Nuclear power generation | RMB13,350,000,000.00 | - | 61.00% | Business combination under common control |
| Lufeng Nuclear (Note 1) | Shanwei, Guangdong Province | Shanwei, Guangdong Province | Nuclear power generation | RMB4,338,000,000.00 | 100.00% | - | Business combination under common control |
| Power Sales Company (Note 1) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Sales of electricity | RMB210,000,000.00 | 100.00% | - | Business combination under common control |
| Ocean Power (Note 1) | Tianjin | Tianjin | Development, construction and operations of offshore power stations | RMB170,000,000.00 | 100.00% | - | Business combination under common control |
| Hebei Thermal Power (Note 1) | Chengde, Hebei Province | Chengde, Hebei Province | Thermal power development | RMB20,000,000.00 | 100.00% | - | Business combination under common control |
| Yangxi Nuclear Power Co., Ltd. (陽西核電有限公司)(Note 1) | Yangjiang, Guangdong Province | Yangjiang, Guangdong Province | Investment, construction and operations of NPPs | RMB123,000,000.00 | - | 51.00% | Establishment |
| Fangchenggang Investment (Note 1) | Fangchenggang, Guangxi | Fangchenggang, Guangxi | Investment | RMB30,000,000.00 | 60.00% | - | Establishment |
| Hebei Zhongzhuang Clean Thermal Energy Co., Ltd. (河北中莊清潔熱能有限公司)(Note 1) | Xingtai, Hebei Province | Xingtai, Hebei Province | Thermal power generation | RMB141,700,000.00 | 100.00% | - | Establishment |
| Sansha Advanced Energy Co., Ltd. (三沙先進能源有限公司)(Note 1) | Sansha, Hainan Province | Sansha, Hainan Province | Island energy development, smart grid investment, transmission and distribution, sales of electricity | RMB100,000,000.00 | - | 60.00% | Establishment |

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(All amounts in RMB unless otherwise stated)

| Name of subsidiary | Principal place of operation | Place of registration | Business nature | Registered capital | Shareholding | | Method of acquisition |
|--|------------------------------|------------------------------|--|---------------------|--------------|----------|-----------------------|
| | | | | | Direct | Indirect | |
| Hepeng Supervision (Note 1) | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Engineering supervision, engineering management and technical support service | RMB3,000,000.00 | 100.00% | - | Establishment |
| Fujian Ninghe Power Sales Co., Ltd. (福建寧合售電有限公司) (Note 1) | Fuzhou, Fujian Province | Fuzhou, Fujian Province | Power sales, electricity supply and power distribution network | RMB20,000,000.00 | - | 100.00% | Establishment |
| Guangxi Fanghe Power Sales Co., Ltd. (廣西防核售電有限公司) (Note 1) | Fangchenggang, Guangxi | Fangchenggang, Guangxi | Electricity supply, power sales and power distribution network technical service | RMB201,000,000.00 | - | 100.00% | Establishment |
| Shandong Zhaoyuan Nuclear Power Co., Ltd. (山東招遠核電有限公司) (Note 1) | Yantai, Shandong Province | Yantai, Shandong Province | Nuclear power generation | RMB1,000,000,000.00 | 100.00% | - | Establishment |
| Guizhou Yuping Clean Thermal Energy Co., Ltd. (貴州玉屏清潔熱能有限公司) (Note 1) | Tongren, Guizhou Province | Tongren, Guizhou Province | Thermal power generation | RMB1,000,000,000.00 | 100.00% | - | Establishment |

Note 1: The company is a limited liability company established in China.

Note 2: The company is a Sino-foreign joint venture with limited liability.

Note 3: Basis for only holding half or less voting rights but still having control over the investees, as well as holding 50% or more voting rights but not having control over the investees:

CGN Ninghe Investment, a subsidiary of the Company, holds 46% equity interest in Ningde Nuclear, and Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司) holds 44% equity interest in Ningde Nuclear. CGN Ninghe Investment and Datang International Power Generation Co., Ltd. entered into the Concerted Party Agreement, which became effective on January 1, 2017. Datang International Power Generation Co., Ltd. agreed to act in concert with CGN Ninghe Investment at the shareholders' meetings and the meetings of board of directors of Ningde Nuclear. Therefore, after entry into force of the Concerted Party Agreement, the Group can thus lead the relevant activities of Ningde Nuclear, and Ningde Nuclear has been changed from a joint venture of the Group to a subsidiary of the Group with unchanged shareholding.

Note 4: As at December 31, 2021, none of the subsidiaries had issued any debt securities.

(2) Significant non-wholly-owned subsidiaries

| Name of subsidiary | Shareholding of non-controlling shareholders | 2021 | | December 31, 2021 |
|--|--|--|---|--------------------------------------|
| | | Gains or losses attributable to non-controlling shareholders | Dividends announced to be distributed to non-controlling shareholders | Balance of non-controlling interests |
| Yangjiang Nuclear | 41.00% | 2,180,159,894.98 | 1,472,464,917.13 | 9,962,822,935.55 |
| Taishan Nuclear | 30.00% | (194,417,103.26) | - | 8,608,798,524.54 |
| GNPJVC | 25.00% | 852,086,831.47 | 1,627,039,645.43 | 1,332,374,630.36 |
| CGN Nuclear Power Investment Co., Ltd. | 22.22% | 275,261,260.75 | 192,869,600.00 | 3,246,526,205.87 |
| CGN Ninghe Investment Co., Ltd. | 43.48% | 481,446,849.97 | 398,276,800.00 | 3,220,551,790.41 |
| Ningde Nuclear | 54.00% | 1,297,843,580.90 | 1,075,709,591.67 | 8,199,200,628.53 |
| Taishan Investment | 40.00% | (123,133,080.61) | - | 5,825,676,138.42 |
| Fangchenggang Investment | 40.00% | 445,626,889.95 | - | 3,710,914,783.39 |
| Fangchenggang Nuclear | 39.00% | 710,622,079.86 | 381,909,363.91 | 5,853,310,977.16 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(3) Significant financial information of significant non-wholly-owned subsidiaries

The following table sets out the significant financial information of the above subsidiaries which represents the amounts without offsetting internal transactions, but with the adjustments made in light of the fair value at the combination date and the adoption of consistent accounting policies:

| Name of subsidiary | December 31, 2021 | | | | | |
|--|-------------------|--------------------|-------------------|---------------------|-------------------------|-------------------|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Yangjiang Nuclear | 10,865,333,775.49 | 66,927,656,988.66 | 77,792,990,764.15 | 17,734,180,713.45 | 35,759,241,915.21 | 53,493,422,628.66 |
| Taishan Nuclear | 5,232,167,184.61 | 87,729,460,477.27 | 92,961,627,661.88 | 17,613,405,789.70 | 46,652,226,790.37 | 64,265,632,580.07 |
| GNPJVC | 8,650,538,725.33 | 4,121,744,113.68 | 12,772,282,839.01 | 4,876,065,031.12 | 2,566,719,286.46 | 7,442,784,317.58 |
| CGN Nuclear Power Investment Co., Ltd. | 1,149,604,921.11 | 13,461,234,088.19 | 14,610,839,009.30 | 10,000.00 | - | 10,000.00 |
| CGN Ninghe Investment Co., Ltd. | 8,032,636,674.41 | 42,318,480,633.35 | 50,351,117,307.76 | 8,508,446,514.85 | 26,236,497,325.34 | 34,744,943,840.19 |
| Ningde Nuclear | 8,029,400,747.80 | 41,899,237,960.03 | 49,928,638,707.83 | 8,508,436,514.85 | 26,236,497,325.34 | 34,744,933,840.19 |
| Taishan Investment | 539,707.57 | 14,563,660,072.45 | 14,564,199,780.02 | 9,433.96 | - | 9,433.96 |
| Fangchenggang Investment | 5,856,419,229.97 | 57,134,735,813.10 | 62,991,155,043.07 | 10,235,688,166.38 | 37,624,868,941.07 | 47,860,557,107.45 |
| Fangchenggang Nuclear | 5,734,293,998.24 | 57,134,735,813.10 | 62,869,029,811.34 | 10,235,671,185.25 | 37,624,868,941.07 | 47,860,540,126.32 |

| Name of subsidiary | December 31, 2020 | | | | | |
|--|-------------------|--------------------|-------------------|---------------------|-------------------------|-------------------|
| | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Yangjiang Nuclear | 10,669,459,105.87 | 69,429,774,895.93 | 80,099,234,001.80 | 16,365,595,666.22 | 41,160,155,511.92 | 57,525,751,178.14 |
| Taishan Nuclear | 5,387,163,035.93 | 90,344,149,275.98 | 95,731,312,311.91 | 19,525,837,705.09 | 46,861,422,514.16 | 66,387,260,219.25 |
| GNPJVC | 6,318,014,590.05 | 6,730,348,397.15 | 13,048,362,987.20 | 1,976,947,179.70 | 2,500,739,465.30 | 4,477,686,645.00 |
| CGN Nuclear Power Investment Co., Ltd. | 1,530,689,236.60 | 12,617,560,119.36 | 14,148,249,355.96 | 10,000.00 | - | 10,000.00 |
| CGN Ninghe Investment Co., Ltd. | 8,764,662,075.10 | 43,958,663,371.17 | 52,723,325,446.27 | 9,868,304,103.12 | 27,662,265,328.40 | 37,530,569,431.52 |
| Ningde Nuclear | 8,763,484,361.99 | 43,539,420,697.85 | 52,302,905,059.84 | 9,868,294,103.12 | 27,662,265,328.40 | 37,530,559,431.52 |
| Taishan Investment | 610,040.85 | 14,871,486,586.56 | 14,872,096,627.41 | 73,579.82 | - | 73,579.82 |
| Fangchenggang Investment | 5,206,522,653.10 | 51,542,696,928.36 | 56,749,219,581.46 | 14,899,929,569.16 | 31,080,993,457.50 | 45,980,923,026.66 |
| Fangchenggang Nuclear | 4,868,185,604.86 | 51,542,696,928.36 | 56,410,882,533.22 | 18,239,948,508.52 | 31,080,993,457.50 | 49,320,941,966.02 |

| Name of subsidiary | 2021 | | | | 2020 | | | |
|--|-------------------|------------------|----------------------------|--------------------------------------|-------------------|------------------|----------------------------|--------------------------------------|
| | Operating revenue | Net profit | Total comprehensive income | Cash flows from operating activities | Operating revenue | Net profit | Total comprehensive income | Cash flows from operating activities |
| Yangjiang Nuclear | 17,740,620,962.01 | 5,317,463,158.49 | 5,317,463,158.49 | 11,589,288,952.86 | 15,200,381,185.27 | 4,489,222,308.33 | 4,489,222,308.33 | 9,833,223,061.82 |
| Taishan Nuclear | 7,018,450,789.74 | (648,057,010.85) | (648,057,010.85) | 5,015,001,603.16 | 8,079,459,751.22 | 57,461,613.99 | 57,461,613.99 | 6,046,808,999.48 |
| GNPWC | 6,787,004,936.30 | 3,408,347,325.88 | 3,266,980,760.94 | 3,613,639,877.71 | 7,094,663,584.91 | 3,676,613,044.24 | 3,189,947,419.43 | 3,746,344,668.42 |
| CGN Nuclear Power Investment Co., Ltd. | – | 1,238,799,553.34 | 1,238,799,553.34 | (383,250.38) | – | 1,091,215,718.86 | 1,091,215,718.86 | (86,247.96) |
| CGN Ninghe Investment Co., Ltd. | 10,723,454,736.35 | 2,405,127,044.49 | 2,405,127,044.49 | 6,740,884,353.40 | 9,905,929,709.97 | 2,193,621,349.96 | 2,193,621,349.96 | 6,213,960,683.80 |
| Ningde Nuclear | 10,723,454,736.35 | 2,403,414,038.71 | 2,403,414,038.71 | 6,741,040,352.57 | 9,905,929,709.97 | 2,193,147,835.58 | 2,193,147,835.58 | 6,214,096,487.73 |
| Taishan Investment | – | (307,832,701.53) | (307,832,701.53) | (70,333.28) | – | 27,737,275.55 | 27,737,275.55 | 360,200.58 |
| Fangchenggang Investment | 5,799,653,278.66 | 1,824,689,304.73 | 1,824,689,304.73 | 3,654,789,679.39 | 4,955,221,288.12 | 1,094,242,089.11 | 1,094,242,089.11 | 3,511,913,806.28 |
| Fangchenggang Nuclear | 5,799,653,278.66 | 1,822,107,897.08 | 1,822,107,897.08 | 3,653,083,606.38 | 4,955,221,288.12 | 1,088,310,653.06 | 1,088,310,653.06 | 3,513,901,944.32 |

(4) As at December 31, 2021 and December 31, 2020, there was no significant restriction on using the corporate group's assets and settling the corporate group's debts.

2. Interests in associates

(1) Significant associates

| Name of associate | Principle place of operation | Place of registration | Business nature | Shareholding (%) | | Accounting treatment for investment in associate |
|-------------------|------------------------------|------------------------------|--------------------------|------------------|----------|--|
| | | | | Direct | Indirect | |
| Hongyanhe Nuclear | Dalian, Liaoning Province | Dalian, Liaoning Province | Nuclear power generation | – | 45.00 | Equity method |
| CGN Fund Phase I | Shenzhen, Guangdong Province | Beijing | Nuclear investment | 31.43 | – | Equity method |
| CGN Finance | Shenzhen, Guangdong Province | Shenzhen, Guangdong Province | Financial services | – | 30.00 | Equity method |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(2) Significant financial information of significant associates

The following table sets out the significant financial information of the significant associates of the Group which represents the amounts following the adjustments made based on the fair value on investment and the adjustments following the adoption of consistent accounting policies. In addition, the following table also sets out the reconciliation of these financial information to the carrying amounts of investment in associates of the Group under the equity method:

| Item | December 31, 2021 | | | December 31, 2020 | | |
|--|----------------------|---------------------|-------------------|----------------------|---------------------|-------------------|
| | Hongyanhe Nuclear | CGN Fund Phase I | CGN Finance | Hongyanhe Nuclear | CGN Fund Phase I | CGN Finance |
| Current assets | 11,469,461,667.17 | 6,879,507.12 | 32,258,172,210.88 | 8,638,762,346.36 | 2,319,776.65 | 27,698,124,311.69 |
| Non-current assets | 70,367,114,322.85 | 8,462,457,672.40 | 13,286,195,250.48 | 69,500,873,560.29 | 8,157,934,168.59 | 10,613,657,048.68 |
| Total assets | 81,836,575,990.02 | 8,469,337,179.52 | 45,544,367,461.36 | 78,139,635,906.65 | 8,160,253,945.24 | 38,311,781,360.37 |
| Current liabilities | 9,337,718,498.77 | 660,327.82 | 40,833,978,340.71 | 6,702,517,199.69 | 31,866.97 | 33,590,571,163.66 |
| Non-current liabilities | 54,371,305,150.07 | - | 25,705,871.31 | 54,117,976,104.53 | - | 802,337.83 |
| Total liabilities | 63,709,023,648.84 | 660,327.82 | 40,859,684,212.02 | 60,820,493,304.22 | 31,866.97 | 33,591,373,501.49 |
| Equity attributable to the shareholders of the parent company | 18,127,552,341.18 | 8,468,676,851.70 | 4,684,683,249.34 | 17,319,142,602.43 | 8,160,222,078.27 | 4,720,407,858.88 |
| Share of net assets calculated as per shareholding | 8,157,398,553.53 | 2,661,705,134.49 | 1,405,404,974.80 | 7,793,614,171.09 | 2,564,757,799.20 | 1,416,122,357.66 |
| Adjustments | | | | | | |
| - Unrealized profits of internal transactions | (789,391,651.00) | (62,470,105.78) | - | (698,125,330.11) | (62,470,105.78) | - |
| Book value of equity investment in associates | 7,368,006,902.53 | 2,599,235,028.71 | 1,405,404,974.80 | 7,095,488,840.98 | 2,502,287,693.42 | 1,416,122,357.66 |
| Operating revenue | 11,445,036,456.98 | - | 1,086,511,208.91 | 9,612,902,762.42 | - | 1,325,943,950.81 |
| Net profit | 1,682,599,670.53 | 1,078,168,513.68 | 504,517,519.15 | 1,197,964,368.64 | 948,068,851.83 | 544,575,941.35 |
| Total comprehensive income | 1,682,599,670.53 | 1,078,168,513.68 | 504,517,519.15 | 1,197,964,368.64 | 948,068,851.83 | 544,575,941.35 |
| Dividends received from associates for the year | 485,175,569.30 | 248,285,940.00 | 150,917,390.26 | 433,550,857.36 | 251,428,800.00 | 107,923,474.97 |

(3) Consolidated financial information of insignificant associates

| Item | December 31, 2021 | December 31, 2020 |
|---|-------------------|-------------------|
| Associates: | | |
| Total book value of investment | 1,044,892,833.79 | 910,164,130.77 |
| The sum of the following items calculated as per shareholding | | |
| - Net profit | 88,299,008.23 | 69,504,936.20 |
| - Other comprehensive income | (1,733,428.18) | (12,252,417.78) |
| - Total comprehensive income | 86,565,580.05 | 57,252,518.42 |

(4) As at December 31, 2021 and December 31, 2020, there was no significant restriction on capacity of capital transfer from associates to the Group.

(VIII) Risks Relevant to Financial Instruments

Major financial instruments of the Group include cash at bank and in hand, bills receivable, accounts receivable, other receivables, other investment in equity instruments, loans, bills payable, accounts payable, other payables, bonds payable etc. See Note (V) for details of the financial instruments. The following are risks relevant to these financial instruments and the risk management policies taken by the Group for reducing these risks. The management of the Group managed and supervised these risk exposures to keep the said risks under control.

The Group adopts sensitivity analysis method to analyze the potential impact of possible appropriate change in risk variables on current profits & losses or the shareholders' equity. As any risk variable seldom changes alone and correlation between variables greatly accounts for the final amount influenced by change of a certain risk variable, the following content is conducted under the assumption that change of each variable is independent.

1. Risk management objectives and policies

The Group's risk management objective is to achieve balance between risks and return, minimize the adverse effect of risks on the operating results of the Group and maximize the interests of shareholders and other equity investors. To achieve the said objective, the Group formulated a basic strategy of defining and analyzing various risks faced by the Group, setting a bottom line of risk tolerance and conducting timely and reliable supervision on the risks to keep them under control.

(1) Foreign exchange risk

Foreign exchange risk represents the risk of loss due to exchange rate changes. The Group's exposure to foreign exchange risk is mainly related to USD, EURO and GBP. Except for the GNPJVC which mainly conducts transactions denominated in USD, the Group's other major business activities are denominated and settled in RMB. On December 31, 2021 and December 31, 2020, except for the following balances of assets and liabilities, which are denominated in non-functional currency, the other assets and liabilities of the Group are functional currency balances. The foreign exchange risk arising from the assets and liabilities of the foreign currency balances described below may have an impact on the Group's operating results.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(a) Foreign currency assets and liabilities of the Group denominated in RMB

| Item | December 31, 2021 | December 31, 2020 |
|---|-------------------|-------------------|
| Cash at bank and in hand – HKD | 178,086.24 | 180,945.34 |
| Cash at bank and in hand – USD | 27,445,916.41 | 17,731,817.55 |
| Cash at bank and in hand – EUR | 161,003,640.38 | 142,491,557.69 |
| Cash at bank and in hand – GBP | 53,862,297.38 | 5,697,199.93 |
| Cash at bank and in hand – ZAR | – | 21,737.09 |
| Accounts receivable – USD | 14,958,444.19 | 14,062,648.55 |
| Accounts receivable – EUR | 27,661,438.44 | 14,854,464.93 |
| Accounts receivable – GBP | 7,588,339.91 | – |
| Other receivables – USD | 430,897.99 | 1,214,374.65 |
| Other receivables – EUR | 51,770,981.95 | 59,097,766.37 |
| Other receivables – GBP | 86,064.00 | 3,079,826.44 |
| Accounts payable – HKD | 3,459,163.53 | 5,120,870.54 |
| Accounts payable – USD | 66,043,121.93 | 92,419,370.61 |
| Accounts payable – EUR | 531,888,132.38 | 732,244,025.29 |
| Accounts payable – GBP | 6,785,619.01 | 22,428,208.35 |
| Accounts payable – CHF | 10,891,984.34 | 3,991,360.46 |
| Other payables – HKD | 6,215.39 | 6,341.58 |
| Other payables – USD | – | 2,609.96 |
| Other payables – EUR | 10,092,363.54 | 6,217,193.26 |
| Non-current liabilities due within one year – EUR | 696,833,741.44 | 1,654,088,596.78 |
| Short-term loans – EUR | – | 8,890,661.13 |
| Long-term loans – EUR | 2,787,334,968.23 | 4,103,828,799.15 |

(b) Foreign currency assets and liabilities of the Group denominated in USD

| Item | December 31, 2021 | December 31, 2020 |
|---|-------------------|-------------------|
| Cash at bank and in hand – RMB | 984,472,924.06 | 1,003,489,307.71 |
| Cash at bank and in hand – GBP | 34,986.65 | 36,130.80 |
| Cash at bank and in hand – HKD | 30,111.48 | 160,031.20 |
| Cash at bank and in hand – EUR | 101,904.98 | 113,271.51 |
| Accounts receivable – RMB | 3,776,001.03 | 1,680,042.79 |
| Other receivables – RMB | 3,298,249.48 | 10,216,113.30 |
| Other receivables – HKD | 6,215.40 | 6,341.59 |
| Accounts payable – RMB | 118,940,303.52 | 178,024,921.09 |
| Accounts payable – HKD | 9,901,470.51 | 6,824,720.45 |
| Accounts payable – GBP | 214,831.92 | 222,258.21 |
| Accounts payable – EUR | 4,364,399.33 | 4,589,614.90 |
| Other payables – RMB | 408,202,866.03 | 418,105,957.61 |
| Other payables – HKD | 26,818.92 | 27,363.43 |
| Employee benefits payable – RMB | 2,423,347.21 | 2,506,808.38 |
| Taxes payable – RMB | 411,585,365.20 | 409,628,934.88 |
| Non-current liabilities due within one year – RMB | 5,659,696.20 | 6,608,819.68 |
| Lease liabilities – RMB | 7,872,382.25 | 11,461,507.73 |

The management of the Group pays close attention to the influence of exchange rate fluctuations on the foreign exchange risk of the Group, and would consider hedging significant foreign exchange risk when necessary.

Sensitivity analysis of exchange rate risks

Assuming that all risk variables other than the exchange rate remain unchanged, as at December 31, 2021, if a foreign currency appreciated/depreciated by 5% against RMB as the reporting currency, profit before taxation of the Group would decrease or increase by RMB188,662,264.64 (December 31, 2020: decrease or increase by RMB318,257,778.26); if a foreign currency appreciated/depreciated by 5% against USD as the reporting currency, profit before taxation of the Group would increase or decrease by RMB21,794,048.07 (December 31, 2020: increase or decrease by RMB19,491,803.79).

(2) Interest rate risk – risk of changes in cash flow

The Group's risk of changes in cash flow of financial instruments which arise from changes in interest rates is mainly associated with bank loans at floating rate (see Note (V) 22, 29 and 31 for details). The Group continues to closely monitor the impact of interest rate changes on the Group's interest rate risk. The policies of the Group aim at maintaining the floating rates of these loans and there is not any interest rate swap arrangement at present.

Sensitivity analysis of interest rate risk

As at December 31, 2021, with other variables unchanged, if interest rate increased or decreased by 1%, profit before taxation of bank loans (including short-term loans, long-term loans and non-current liabilities due within one year) held by the Group would decrease or increase by RMB1,892,482,958.44 (December 31, 2020: decrease or increase by RMB1,826,785,153.43).

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(3) Credit risk

On the balance sheet date, the maximum exposure to credit risk that may cause financial losses to the Group mainly arises from the losses incurred to the financial assets of the Group due to the failure of the other party to perform its obligations, which specifically include:

The carrying amount of the financial assets recognized in the consolidated balance sheet. For financial instruments measured at fair value, the book value reflects its risk exposure, but it is not the maximum risk exposure, and its maximum risk exposure will vary in line with future changes in fair value.

In order to reduce credit risk, the Group reviews the collection of receivables on each statement of financial position date to ensure that adequate provision for expected credit loss is made for relevant financial assets. As a result, the management of the Group believes that the credit risk assumed by the Group has been significantly reduced.

The Group had taken necessary measures to make sure all customers have a good credit record. Except the top five accounts receivables, the Group had no other significant credit risk exposure concentrated at a single financial asset or a portfolio of financial assets with similar characteristics.

Accounts receivable from the top five customers for 2021

| Item | December 31, 2021 |
|--|-------------------------|
| Accounts receivable – Guangdong Power Grid Co., Ltd. | 3,807,658,945.86 |
| Accounts receivable – Fujian Electric Power Co., Ltd. | 1,102,725,233.76 |
| Accounts receivable – CGN New Energy (Huizhou) Co., Ltd. (中廣核新能源(惠州)有限公司) | 765,517,046.18 |
| Accounts receivable – CGNPC New Energy Offshore Wind Power (Shanwei) Co., Ltd. (中廣核新能源海上風電(汕尾)有限公司) | 705,530,783.08 |
| Accounts receivable – CGNPC Yangjiang Offshore Wind Power Co., Ltd. | 676,459,660.22 |
| Total | 7,057,891,669.10 |

Accounts receivable from the top five customers for 2020

| Item | December 31, 2020 |
|--|-------------------------|
| Accounts receivable – Guangdong Power Grid Co., Ltd. | 3,992,793,599.01 |
| Accounts receivable – CGNPC Yangjiang Offshore Wind Power Co., Ltd. (中廣核陽江海上風力發電有限公司) | 1,011,348,526.97 |
| Accounts receivable – Fujian Electric Power Co., Ltd. | 761,323,042.64 |
| Accounts receivable – HKNIC | 490,760,950.11 |
| Accounts receivable – Guangxi Power Grid Co., Ltd. | 452,413,930.49 |
| Total | 6,708,640,049.22 |

(4) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents 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 loans and ensures compliance with loan agreements.

As at December 31, 2021, the current liabilities of the Group exceeded the current assets by RMB9,353,963,874.61. The Group had unutilized loan facilities from banks and other financial institutions equivalent to RMB122,089,219,555.86 in total. The management of the Group is of the view that the Group would have adequate financial resources to settle the financial obligations and commitments in future. Therefore, the financial statements have been prepared on the basis of going concern.

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

| Item | December 31, 2021 | | | Total | Book value on the balance sheet |
|--|-------------------|-------------------|--------------------|--------------------|---------------------------------|
| | Within one year | One to five years | Over five years | | |
| Non-derivative financial liabilities: | | | | | |
| Short-term loans | 16,655,833,826.76 | - | - | 16,655,833,826.76 | 16,374,993,758.88 |
| Bills payable | 3,549,771,587.50 | - | - | 3,549,771,587.50 | 3,549,771,587.50 |
| Accounts payable | 18,817,580,701.92 | - | - | 18,817,580,701.92 | 18,817,580,701.92 |
| Other payables | 4,075,609,945.61 | - | - | 4,075,609,945.61 | 4,075,609,945.61 |
| Non-current liabilities due within | | | | | |
| one year | 26,837,743,626.13 | - | - | 26,837,743,626.13 | 22,719,658,250.53 |
| Short-term bonds payable | 5,265,520,383.56 | - | - | 5,265,520,383.56 | 5,246,547,452.05 |
| Long-term loans | 6,173,172,804.68 | 63,750,242,005.72 | 110,395,208,258.45 | 180,318,623,068.85 | 155,921,820,998.03 |
| Bonds payable | 211,979,444.44 | 6,173,405,972.22 | - | 6,385,385,416.66 | 5,988,041,567.89 |
| Lease liabilities | - | 574,725,576.98 | 152,313,506.87 | 727,039,083.85 | 692,172,850.27 |

2. Transfer of financial assets

- (1) As at December 31, 2021, the Group did not have financial assets that have been transferred but not derecognized.
- (2) As at December 31, 2021, the Group did not have financial assets that have been derecognized but continued its involvement in transferred financial assets.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(IX) Disclosure of Fair Value

1. Closing fair value of assets and liabilities measured at fair value

| Item | December 31, 2021 | | | Total |
|--|--------------------------------|--------------------------------|--------------------------------|------------------|
| | Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement | |
| Recurring fair value measurement | | | | |
| Other investment in equity instruments | - | 458,128,600.00 | 132,067,370.13 | 590,195,970.13 |
| Total assets continuously measured at fair value | - | 458,128,600.00 | 132,067,370.13 | 590,195,970.13 |
| Cash-settled share-based payment | - | (142,778,077.84) | - | (142,778,077.84) |
| Total liabilities continuously measured at fair value | - | (142,778,077.84) | - | (142,778,077.84) |

| Item | December 31, 2020 | | | Total |
|--|--------------------------------|--------------------------------|--------------------------------|-----------------|
| | Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement | |
| Recurring fair value measurement | | | | |
| Other investment in equity instruments | - | 388,185,300.00 | 110,000,000.00 | 498,185,300.00 |
| Total assets continuously measured at fair value | - | 388,185,300.00 | 110,000,000.00 | 498,185,300.00 |
| Cash-settled share-based payment | - | (35,764,317.95) | - | (35,764,317.95) |
| Total liabilities continuously measured at fair value | - | (35,764,317.95) | - | (35,764,317.95) |

2. Qualitative and quantitative information of valuation techniques and important parameters adopted for recurring level 2 fair value measurements

| Item | Fair value at December 31, 2021 | Fair value at December 31, 2020 | Valuation technique | Inputs |
|--|------------------------------------|------------------------------------|---------------------|---|
| Other investment in equity instruments | 458,128,600.00 | 388,185,300.00 | Market method | Net profit attributable to the parent company during the reporting period, non-operational assets, average price-earnings ratio of comparable companies, liquidity discount ratio of the investee |
| Cash-settled share-based payment | (142,778,077.84) | (35,764,317.95) | Black-Scholes Model | Share price, expected volatility, expected dividend yield |

3. Qualitative and quantitative information of valuation techniques and important parameters adopted for recurring level 3 fair value measurements

| Item | Fair value at December 31, 2021 | Fair value at December 31, 2020 | Valuation technique | Inputs |
|--|------------------------------------|------------------------------------|---------------------|------------------|
| Other investment in equity instruments | 132,067,370.13 | 110,000,000.00 | Cost method | Investment costs |

4. Reconciliation between the opening and closing carrying amount for recurring level 3 fair value measurements

There was no transfer in or out between different levels for the above-mentioned assets and liabilities continuously measured at fair value of the Group during the year.

5. Fair value of financial assets and financial liabilities not measured at fair value

The management of the Group believes that the book values of financial assets and financial liabilities measured at amortized cost in the financial statements are close to the fair values of the same.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(X) Related Parties and Related Party Transactions

1. Parent company of the Company

| Name of parent company | Place of registration | Nature of business | Registered capital | Shareholding of the parent company in the Company | Voting rights of the parent company in the Company |
|------------------------|-----------------------|------------------------|------------------------|---|--|
| CGNPC | Shenzhen | Nuclear power industry | RMB14,873.3730 million | 58.82% | 58.82% |

The parent company of the Company is CGNPC. The ultimate actual controlling shareholder is the SASAC.

2. Subsidiaries of the Company

Details of the subsidiaries of the Company are set out in Note (VII) 1.

3. Associates of the Company

Details of the significant associates of the Company are set out in Note (VII) 2.

Other associates which conduct related party transactions with the Group, or have balance arising from related party transactions with the Group in prior periods are as follows:

| Name of associate | Relationship with the Company |
|--|---|
| Ningde Second Nuclear | Associate |
| Hongyanhe Nuclear | Associate |
| China Nuclear Industry Second and Third Construction Co., Ltd. | Associate |
| CIECC Engineering Company Limited | Associate |
| CGN Finance | Associate, under the control of the same party |
| CGN Fund Phase I | Associate, a non-controlling shareholder with significant influence on subsidiaries |

4. Other related parties

| Name of other related parties | Relationship with the Company |
|---|-------------------------------------|
| CGN Tuquan Bioenergy Co., Ltd. (中廣核突泉生物能源有限公司) | Under the control of the same party |
| Anhui Wuhu Nuclear Power Co., Ltd. (安徽蕪湖核電有限公司) | Under the control of the same party |
| China Techenergy Co., Ltd. | Under the control of the same party |
| Hubei Nuclear Power Co., Ltd. (湖北核電有限公司) | Under the control of the same party |
| Shenzhen Nuclear Power Huantong Automobile Service Co., Ltd. (深圳核電環通汽車服務有限公司) | Under the control of the same party |
| Shenzhen Lvyan Restaurant Management Co., Ltd. (深圳綠源餐飲管理有限公司) | Under the control of the same party |
| Shenzhen Bailu Health Service Co., Ltd. (深圳市白鷺健康服務有限公司) | Under the control of the same party |
| Shenzhen Nuclear Power Electrical Installation and Maintenance Co., Ltd. (深圳市核電機電安裝維修有限公司) | Under the control of the same party |
| Shenzhen Nuclear Power Property Co., Ltd. (深圳市核電物業有限公司) | Under the control of the same party |
| Shenzhen Zhenhe Construction Engineering Project Management Co., Ltd. (深圳市振核建設工程項目管理有限公司) | Under the control of the same party |
| Xianning Nuclear Power Co., Ltd. (鹹寧核電有限公司) | Under the control of the same party |
| CGN Real Estate Management Co., Ltd. (中廣核不動產管理有限公司) | Under the control of the same party |
| CGN Cangnan Nuclear Power Co., Ltd. (中廣核蒼南核電有限公司) | Under the control of the same party |
| CGN Wind Energy Co., Ltd. and its subsidiaries | Under the control of the same party |
| CGN Services Group | Under the control of the same party |
| Shenzhen Kezhi Management Consulting Co., Ltd. (深圳市科智管理諮詢有限公司) | Under the control of the same party |
| CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司) | Under the control of the same party |
| China Nuclear Power EPC Limited and its subsidiaries | Under the control of the same party |
| CGN Nuclear Technology Development Co., Ltd. (中廣核核技術發展股份有限公司) and its subsidiaries | Under the control of the same party |
| CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司) | Under the control of the same party |
| CGN Environmental Protection Industry Co., Ltd. (中廣核環保產業有限公司) and its subsidiaries | Under the control of the same party |
| CGN Huizhou Nuclear Power Co., Ltd. (中廣核惠州核電有限公司) | Under the control of the same party |
| CGN Jiuyuan (Chengdu) Science and Technology Co., Ltd. (中廣核久源(成都)科技有限公司) | Under the control of the same party |
| CGN Energy Conservation Industry Development Co., Ltd. | Under the control of the same party |
| CGN Energy Development Co., Ltd. and its subsidiaries | Under the control of the same party |
| CGN Taishan No. 2 Nuclear Power Co., Ltd. (中廣核台山第二核電有限公司) | Under the control of the same party |
| CGN Solar Energy Development Co., Ltd. and its subsidiaries | Under the control of the same party |
| CGN Uranium Resources Co., Ltd. and its subsidiaries | Under the control of the same party |
| CGN Capital Holdings Co., Ltd. (中廣核資本控股有限公司) and its subsidiaries | Under the control of the same party |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

| Name of other related parties | Relationship with the Company |
|---|---|
| Shenzhen Zhaoyinbailu Investment Partnership (Limited Partnership) (深圳招銀白鷺投資合夥企業(有限合夥)) | Under the control of the same party |
| Shenzhen Nuclear Power Material Supply Co., Ltd. (深圳市核電物資供應有限公司) | Under the control of the same party |
| Lingwan Nuclear Power Co., Ltd. (嶺灣核電有限公司) | Under the control of the same party |
| CGN Shaoguan Nuclear Power Co., Ltd. (中廣核韶關核電有限公司) | Under the control of the same party |
| Swakop Uranium (Pty) Ltd. | Under the control of the same party |
| CGN Hongda Environmental Technology Co., Ltd. (中廣核宏達環境科技有限責任公司) | Under the control of the same party |
| Shenzhen Nuclear Service Garden Co., Ltd. (深圳市核服園林有限公司) | Under the control of the same party |
| Shanghai Engineering Science & Technology Co., Ltd. (上海中廣核工程科技有限公司) | Under the control of the same party |
| CGN Europe Energy and its subsidiaries | Under the control of the same party |
| CGN Begood Technology Co., Ltd. | Under the control of the same party |
| CGN New Energy Holdings Co., Ltd. and its subsidiaries | Under the control of the same party |
| CGN Energy International Holdings Co., Limited and its subsidiaries | Under the control of the same party |
| HKNIC | Non-controlling shareholders with significant influence on subsidiaries |
| Framatome Inc. | Non-controlling shareholders with significant influence on subsidiaries |
| TECNATOM, S.A. | Non-controlling shareholders with significant influence on subsidiaries |
| Guangdong Electric Power Design Institute of China Energy Engineering Group | Non-controlling shareholders with significant influence on subsidiaries |
| Beijing Hollysys Systems Engineering Co., Ltd. | Non-controlling shareholders with significant influence on subsidiaries |
| EDF International | Non-controlling shareholders with significant influence on subsidiaries |
| EDF (China) Holding Ltd. | Non-controlling shareholders with significant influence on subsidiaries |
| Guangdong Energy Group Co., Ltd. (廣東省能源集團有限公司) | Non-controlling shareholders with significant influence on subsidiaries |
| Guangxi GI Energy Group Co., Ltd. (廣西廣投能源集團有限公司) | Non-controlling shareholders with significant influence on subsidiaries |
| CLP Nuclear Power (Yangjiang) Limited | Non-controlling shareholders with significant influence on subsidiaries |
| Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司) | Non-controlling shareholders with significant influence on subsidiaries |
| Fujian Energy Group Co., Ltd. (福建省能源集團有限責任公司) | Non-controlling shareholders with significant influence on subsidiaries |
| Definite Arise Limited | An associate of the ultimate controlling party |
| Hualong Pressurized Water Reactor Technology Corporation, Ltd. (華龍國際核電技術有限公司) | A joint venture of the ultimate controlling party |
| CGN New Energy Investment (Shenzhen) Company Limited (中廣核新能源投資(深圳)有限公司) and its subsidiaries | Others |
| Dongfang Framatome Nuclear Pump Co., Ltd. (東方法馬通核泵有限責任公司) | Others |

5. Related party transactions

(1) Related party transactions for purchase and sale of goods, rendering and acceptance of services:

Purchase of goods/Acceptance of services:

| Related party | Related party transaction | 2021 | 2020 |
|---|--|--------------------------|-------------------------|
| CGN Uranium Resources Co., Ltd. and its subsidiaries | Purchase of goods/Acceptance of services | 6,970,996,570.61 | 488,262,998.36 |
| China Nuclear Industry Second and Third Construction Co., Ltd. | Purchase of goods/Acceptance of services | 1,852,110,871.95 | 1,063,394,860.99 |
| Framatome Inc. | Purchase of goods/Acceptance of services | 813,782,143.69 | 796,429,996.69 |
| China Techenergy Co., Ltd. (北京廣利核系統工程有限公司) | Purchase of goods/Acceptance of services | 520,936,802.45 | 507,420,011.39 |
| CGN Services Group | Purchase of goods/Acceptance of services | 512,618,185.99 | 513,589,815.78 |
| Shenzhen Lvyan Restaurant Management Co., Ltd. (深圳綠源餐飲管理有限公司) | Purchase of goods/Acceptance of services | 300,074,478.82 | 206,379,167.64 |
| Shenzhen Nuclear Power Huantong Automobile Service Co., Ltd. (深圳核電環通汽車服務有限公司) | Purchase of goods/Acceptance of services | 239,801,897.71 | 225,820,700.26 |
| Shenzhen Nuclear Power Electrical Installation and Maintenance Co., Ltd. (深圳市核電機電安裝維修有限公司) | Purchase of goods/Acceptance of services | 157,154,682.55 | 116,910,791.86 |
| Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司) | Purchase of goods/Acceptance of services | 108,455,192.83 | 103,038,639.71 |
| Shenzhen Nuclear Power Property Co., Ltd. (深圳市核電物業有限公司) | Purchase of goods/Acceptance of services | 105,786,121.29 | 118,330,140.23 |
| Shanghai Engineering Science & Technology Co., Ltd. (上海中廣核工程科技有限公司) | Purchase of goods/Acceptance of services | 90,832,564.52 | 68,648,439.15 |
| Shenzhen Bailu Health Service Co., Ltd. (深圳市白鷺健康服務有限公司) | Purchase of goods/Acceptance of services | 67,128,111.10 | 49,276,278.42 |
| CGN Environmental Protection Industry Co., Ltd. (中廣核環保產業有限公司) and its subsidiaries | Purchase of goods/Acceptance of services | 58,002,111.72 | 65,688,898.78 |
| EDF International and its subsidiaries | Purchase of goods/Acceptance of services | 51,362,077.72 | 68,303,353.87 |
| CGN Capital Holdings Co., Ltd. (中廣核資本控股有限公司) and its subsidiaries | Purchase of goods/Acceptance of services | 45,387,773.63 | 2,698,113.21 |
| Shenzhen Kezhi Management Consulting Co., Ltd. (深圳市科智管理諮詢有限公司) | Purchase of goods/Acceptance of services | 36,669,379.25 | 64,512,471.58 |
| Shenzhen Nuclear Power Material Supply Co., Ltd. (深圳市核電物資供應有限公司) | Purchase of goods/Acceptance of services | 25,503,922.69 | 71,664,959.93 |
| CGN Begood Technology Co., Ltd. | Purchase of goods/Acceptance of services | 20,400,787.22 | 4,730,571.88 |
| Guangdong Electric Power Design Institute of China Energy Engineering Group | Purchase of goods/Acceptance of services | 18,158,875.18 | 282,251,236.75 |
| CGNPC | Purchase of goods/Acceptance of services | 8,383,345.34 | 61,852,299.07 |
| CGN Jiuyuan (Chengdu) Science and Technology Co., Ltd. (中廣核久源(成都)科技有限公司) | Purchase of goods/Acceptance of services | 8,171,111.35 | 7,673,018.03 |
| Others | Purchase of goods/Acceptance of services | 73,396,608.65 | 82,421,081.80 |
| Total | | 12,085,113,616.26 | 4,969,297,845.38 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

Sale of goods/Rendering of services:

| Related party | Related party transaction | 2021 | 2020 |
|--|-------------------------------------|-------------------------|-------------------------|
| HKNIC | Sale of electricity | 5,389,704,682.68 | 5,655,918,666.01 |
| Hongyanhe Nuclear | Sale of goods/rendering of services | 814,599,028.70 | 644,984,533.01 |
| China Nuclear Power EPC Limited and its subsidiaries | Sale of goods/rendering of services | 87,360,345.74 | 484,757,689.77 |
| CGN Huizhou Nuclear Power Co., Ltd. (中廣核惠州核電有限公司) | Sale of goods/rendering of services | 62,794,775.05 | 9,851,254.71 |
| CGN Uranium Resources Co., Ltd. and its subsidiaries | Sale of goods/rendering of services | 60,332,831.47 | 39,374,921.62 |
| CGN Solar Energy Development Co., Ltd. and its subsidiaries | Sale of goods/rendering of services | 55,773,521.52 | 19,771,477.49 |
| CGN Cangnan Nuclear Power Co., Ltd. (中廣核蒼南核電有限公司) | Sale of goods/rendering of services | 42,875,049.83 | 24,275,595.57 |
| CGN Wind Energy Co., Ltd. and its subsidiaries | Sale of goods/rendering of services | 37,337,540.30 | 2,927,553.11 |
| CGNPC | Sale of goods/rendering of services | 24,416,846.95 | 19,616,853.03 |
| Swakop Uranium (Pty) Ltd. | Sale of goods/rendering of services | 22,743,042.62 | 3,859,348.77 |
| Ningde Second Nuclear | Sale of goods/rendering of services | 22,741,186.20 | 28,614,757.84 |
| China Techenergy Co., Ltd. (北京廣利核系統工程有限公司) | Sale of goods/rendering of services | 20,673,700.76 | 25,822,859.30 |
| CGN Nuclear Technology Development Co., Ltd. (中廣核核技術發展股份有限公司) | | | |
| and its subsidiaries | Sale of goods/rendering of services | 17,439,574.14 | 12,825,472.75 |
| CGN Services Group | Sale of goods/rendering of services | 14,358,703.07 | 14,387,727.94 |
| CGN Energy Conservation Industry Development Co., Ltd. and its subsidiaries | Sale of goods/rendering of services | 6,958,492.70 | 5,676,427.04 |
| CGN Europe Energy and its subsidiaries | Sale of goods/rendering of services | 6,415,094.34 | 5,093,710.71 |
| CGN Finance | Sale of goods/rendering of services | 6,040,604.61 | 6,806,969.86 |
| CGN New Energy Holdings Co., Ltd. and its subsidiaries | Sale of goods/rendering of services | 5,393,615.36 | 8,604,550.10 |
| Shanghai Engineering Science & Technology Co., Ltd. (上海中廣核工程科技有限公司) | Sale of goods/rendering of services | 4,593,590.55 | 549,379.40 |
| CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司) | Sale of goods/rendering of services | 3,242,148.67 | 2,954,948.62 |
| Others | Sale of goods/rendering of services | 52,830,196.53 | 3,435,081.99 |
| Total | | 6,758,624,571.79 | 7,020,109,778.64 |

Provision of construction, installation and design services

| Related party | Related party transaction | 2021 | 2020 |
|---|---|--------------------------|--------------------------|
| CGN Wind Energy Co., Ltd. and its subsidiaries | Provision of construction, installation and design services | 10,141,915,213.42 | 6,385,612,677.85 |
| CGN Huizhou Nuclear Power Co., Ltd. (中廣核惠州核電有限公司) | Provision of construction, installation and design services | 3,437,470,947.75 | 2,406,229,254.49 |
| CGN New Energy Investment (Shenzhen) Company Limited (中廣核新能源投資(深圳)有限公司) and its subsidiaries | Provision of construction, installation and design services | 2,579,321,218.82 | 1,209,320,108.55 |
| Hongyanhe Nuclear | Provision of construction, installation and design services | 1,478,368,670.78 | 1,163,657,935.39 |
| CGN Cangnan Nuclear Power Co., Ltd. (中廣核蒼南核電有限公司) | Provision of construction, installation and design services | 1,996,356,575.85 | 1,178,327,847.91 |
| Ningde Second Nuclear | Provision of construction, installation and design services | 355,464,835.73 | 169,147,116.13 |
| Lingwan Nuclear Power Co., Ltd. (嶺灣核電有限公司) | Provision of construction, installation and design services | 6,499,208.72 | 12,464,834.52 |
| Others | Provision of construction, installation and design services | – | 2,564.19 |
| Total | | 19,995,396,671.07 | 12,524,762,339.03 |

(2) Related party transactions for leasing

The Group as lessor:

| Name of lessee | Type of leased assets | Rental income recognized in 2021 | Rental income recognized in 2020 |
|---|-----------------------|----------------------------------|----------------------------------|
| Shenzhen Bailu Health Service Co., Ltd. (深圳市白鷺健康服務有限公司) | Buildings | 2,078,409.21 | 2,078,409.21 |
| China Techenergy Co., Ltd. (北京廣利核系統工程有限公司) | Buildings | 1,486,624.32 | 1,230,548.59 |
| Hongyanhe Nuclear | Buildings | 912,106.18 | – |
| Shenzhen Nuclear Power Electrical Installation and Maintenance Co., Ltd. (深圳市核電機電安裝維修有限公司) | Buildings | 634,917.43 | – |
| CGN Services Group | Buildings | 623,589.26 | 623,589.26 |
| Others | Buildings | 788,857.10 | 172,065.94 |
| Total | | 6,524,503.50 | 4,104,613.00 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

The Group as lessee:

| Name of lessor | Type of leased assets | Transaction amount recognized in 2021 (Note) | Transaction amount recognized in 2020 (Note) |
|---|-----------------------|--|--|
| CGNPC | Buildings | 141,618,161.49 | 96,057,561.76 |
| Shenzhen Bailu Health Service Co., Ltd. (深圳市白鷺健康服務有限公司) | Buildings | 14,645,571.84 | 8,315,719.06 |
| CGN Real Estate Management Co., Ltd. (中廣核不動產管理有限公司) | Buildings | 10,761,555.31 | 11,451,942.84 |
| Shanghai Engineering Science & Technology Co., Ltd (上海中廣核工程科技有限公司) | Buildings | 3,846,467.89 | 7,757,958.71 |
| CGN Services Group | Buildings | 2,560,268.67 | 2,703,667.46 |
| Shenzhen Nuclear Power Property Co., Ltd. (深圳市核電物業有限公司) | Buildings | 2,724,387.38 | 272,520.00 |
| Others | Buildings | 200,533.33 | – |
| Total | | 176,356,945.91 | 126,559,369.83 |

Note: Transaction amount includes the lease principal paid, handling fees and interest.

(3) Related party transactions for guarantees

The Group as warrantee:

| Guarantor | Guaranteed amount | Start date | Expiry date | Whether the guarantee had been fulfilled |
|--------------|-------------------------|------------|-------------|--|
| CGNPC | 500,000,000.00 | 20/02/2013 | 20/02/2022 | No |
| CGNPC | 500,000,000.00 | 04/07/2013 | 04/07/2022 | No |
| CGNPC | 1,000,000,000.00 | 16/09/2013 | 16/09/2022 | No |
| CGNPC | 1,000,000,000.00 | 02/12/2013 | 02/12/2022 | No |
| Total | 3,000,000,000.00 | | | |

(4) Related party transactions for funds lending

| Related party | Amount borrowed | Start date | Expiry date |
|--|--------------------------|------------|-------------|
| Borrowing from | | | |
| CGN Finance | 24,863,742,825.82 | Irregular | Irregular |
| CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司) | 100,000,000.00 | 2021-09-28 | 2022-09-28 |
| CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司) | 40,000.00 | 2021-12-20 | 2022-03-20 |
| CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司) | 61,328,014.18 | Irregular | Irregular |
| Hualong Pressurized Water Reactor Technology Corporation, Ltd. (華龍國際核電技術有限公司) | 46,450,000.00 | 2021-06-29 | 2022-06-28 |
| Hualong Pressurized Water Reactor Technology Corporation, Ltd. (華龍國際核電技術有限公司) | 3,550,000.00 | 2021-10-20 | 2022-06-28 |
| Hualong Pressurized Water Reactor Technology Corporation, Ltd. (華龍國際核電技術有限公司) | 100,000,000.00 | 2021-05-08 | 2022-05-07 |
| Total | 25,175,110,840.00 | | |

| Related party | Amount repaid | Repayment date |
|--|--------------------------|----------------|
| Repayment to | | |
| CGN Finance | 25,545,731,739.15 | Irregular |
| CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司) | 10,000,000.00 | Irregular |
| CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司) | 190,952,671.34 | 2021-05-28 |
| Hualong Pressurized Water Reactor Technology Corporation, Ltd. (華龍國際核電技術有限公司) | 100,000,000.00 | 2021-04-29 |
| Total | 25,846,684,410.49 | |

(5) Emoluments for key management

| Item | 2021 | 2020 |
|-------------------------------|---------------|---------------|
| Emoluments for key management | 12,883,847.57 | 10,924,365.00 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

The remuneration of each director in 2021 is as follows:

| | Directors' salaries | Wages and allowances | Bonus | Retirement benefits | Total |
|--|---------------------|----------------------|---------------------|---------------------|---------------------|
| Chairman and non-executive Director | | | | | |
| Yang Changli | - | - | - | - | - |
| Executive directors | | | | | |
| Gao Ligang | - | 355,353.40 | 573,929.00 | 112,336.62 | 1,041,619.02 |
| Jiang Dajin | - | 772,548.94 | 728,475.00 | 118,088.10 | 1,619,112.04 |
| Non-executive directors | | | | | |
| Shi Bing | - | - | - | - | - |
| Wang Wei (Note 1) | - | - | - | - | - |
| Li Mingliang (Note 2) | - | - | - | - | - |
| Wang Hongjun (Note 3) | - | - | - | - | - |
| Gu Jian | - | - | - | - | - |
| Independent non-executive directors | | | | | |
| Li Fuyou | 60,000.00 | - | - | - | 60,000.00 |
| Yang Jiayi | 60,000.00 | - | - | - | 60,000.00 |
| Xia Ceming | 60,000.00 | - | - | - | 60,000.00 |
| Tang Chi Cheung (Note 4) | 40,000.00 | - | - | - | 40,000.00 |
| Total | 220,000.00 | 1,127,902.34 | 1,302,404.00 | 230,424.72 | 2,880,731.06 |

Note 1: Resigned on February 25, 2021.

Note 2: Appointed on May 26, 2021 and resigned on September 9, 2021.

Note 3: Appointed on October 27, 2021.

Note 4: Appointed on May 26, 2021.

The remuneration of each director in 2020 is as follows:

| | Directors' salaries | Wages and allowances | Bonus | Retirement benefits | Total |
|---|---------------------|----------------------|---------------------|---------------------|---------------------|
| Executive directors and chief executives | | | | | |
| Gao Ligang | - | 254,859.55 | 555,681.25 | 97,589.59 | 908,130.39 |
| Jiang Dajin (Note 1) | - | 654,428.71 | 578,925.00 | 105,066.63 | 1,338,420.34 |
| Non-executive directors | | | | | |
| Yang Changli (Note 1) | - | - | - | - | - |
| Shi Bing | - | - | - | - | - |
| Wang Wei (Note 1) | - | - | - | - | - |
| Gu Jian (Note 1) | - | - | - | - | - |
| Independent non-executive directors | | | | | |
| Na Xizhi (Note 2) | 333,333.33 | - | - | - | 333,333.33 |
| Hu Yiguang (Note 2) | 300,000.00 | - | - | - | 300,000.00 |
| Francis Siu Wai Keung (Note 2) | 433,333.33 | - | - | - | 433,333.33 |
| Li Fuyou (Note 1) | 25,000.00 | - | - | - | 25,000.00 |
| Yang Jiayi (Note 1) | 25,000.00 | - | - | - | 25,000.00 |
| Xia Ceming (Note 1) | 25,000.00 | - | - | - | 25,000.00 |
| Total | 1,141,666.66 | 909,288.26 | 1,134,606.25 | 202,656.22 | 3,388,217.39 |

Note 1: Appointed on August 5, 2020.

Note 2: Resigned on August 5, 2020.

The remuneration of each supervisor in 2021 is as follows:

| | Supervisors' salaries | Wages and allowances | Bonus | Retirement benefits | Total |
|--------------------------------|-----------------------|----------------------|--------------|---------------------|--------------|
| Supervisors | | | | | |
| Zhu Hui | – | 643,829.89 | 688,620.57 | 106,250.34 | 1,438,700.80 |
| Wang Hongxin | – | 614,728.44 | 579,810.60 | 106,889.70 | 1,301,428.74 |
| Independent supervisors | | | | | |
| Chen Sui | – | – | – | – | – |
| Hu Yaoqi | – | – | – | – | – |
| Zhang Baishan | – | – | – | – | – |
| Yang Lanhe | – | – | – | – | – |
| Chen Rongzhen | – | – | – | – | – |
| Total | – | 1,258,558.33 | 1,268,431.17 | 213,140.04 | 2,740,129.54 |

The remuneration of each supervisor in 2020 is as follows:

| | Supervisors' salaries | Wages and allowances | Bonus | Retirement benefits | Total |
|--------------------------------|-----------------------|----------------------|--------------|---------------------|--------------|
| Supervisors | | | | | |
| Zhu Hui | – | 557,472.71 | 502,205.00 | 93,217.35 | 1,152,895.06 |
| Wang Hongxin | – | 565,534.71 | 648,996.00 | 93,856.71 | 1,308,387.42 |
| Independent supervisors | | | | | |
| Chen Sui | – | – | – | – | – |
| Hu Yaoqi (Note) | – | – | – | – | – |
| Zhang Baishan (Note) | – | – | – | – | – |
| Yang Lanhe | 100,000.00 | – | – | – | 100,000.00 |
| Chen Rongzhen | 100,000.00 | – | – | – | 100,000.00 |
| Total | 200,000.00 | 1,123,007.42 | 1,151,201.00 | 187,074.06 | 2,661,282.48 |

Note: Appointed on August 5, 2020.

The remuneration of each member of senior management in 2021 is as follows:

| | Senior management's salaries | Wages and allowances | Bonus | Retirement benefits | Total |
|--------------------------|------------------------------|----------------------|--------------|---------------------|--------------|
| Senior management | | | | | |
| Su Shengbing | – | 753,418.94 | 745,547.00 | 118,088.10 | 1,617,054.04 |
| Chen Yingjian | – | 719,747.94 | 1,350,063.40 | 118,088.10 | 2,187,899.44 |
| Yin Engang | – | 738,674.94 | 813,050.00 | 112,039.14 | 1,663,764.08 |
| Qin Yuxin (Note) | – | 681,796.68 | 994,785.58 | 117,687.15 | 1,794,269.41 |
| Total | – | 2,893,638.50 | 3,903,445.98 | 465,902.49 | 7,262,986.97 |

Note: Appointed on April 14, 2021.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

The remuneration of each member of senior management in 2020 is as follows:

| | Senior management's salaries | Wages and allowances | Bonus | Retirement benefits | Total |
|--------------------------|------------------------------------|-------------------------|--------------|------------------------|--------------|
| Senior management | | | | | |
| Su Shengbing | – | 693,884.71 | 676,048.00 | 105,066.63 | 1,474,999.34 |
| Chen Yingjian | – | 658,809.23 | 1,396,509.07 | 105,066.63 | 2,160,384.93 |
| Yin Engang | – | 600,922.71 | 539,552.00 | 99,006.15 | 1,239,480.86 |
| Total | – | 1,953,616.65 | 2,612,109.07 | 309,139.41 | 4,874,865.13 |

For the years 2021 and 2020, the five highest paid individuals were neither the directors of the Group nor the supervisors of the Group:

The remuneration of five highest paid individuals is as follows:

| | 2021 | 2020 |
|----------------------|----------------------|----------------------|
| Wages and allowances | 3,940,011.60 | 3,169,933.94 |
| Bonus | 7,883,890.24 | 8,445,494.50 |
| Retirement benefits | 588,277.66 | 504,790.44 |
| Total | 12,412,179.50 | 12,120,218.88 |

Unit: RMB

The above wages and allowances mainly include basic salaries and travel expenses. Bonuses are determined based on the performance of the Group and individuals.

The remuneration of five highest paid individuals by band:

| | Number of persons in 2021 | Number of persons in 2020 |
|--|------------------------------|------------------------------|
| HK\$2,500,001 to HK\$3,000,000 (equivalent to RMB2,044,000.00 to RMB2,452,800.00) | 3 | – |
| HK\$3,000,001 to HK\$3,500,000 (equivalent to RMB2,452,800.00 to RMB2,861,600.00) | 2 | 4 |
| HK\$3,500,001 to HK\$4,000,000 (equivalent to RMB2,861,600.00 to RMB3,270,400.00) | – | 1 |
| Total | 5 | 5 |

In 2021 and 2020, the Group did not pay any directors, supervisors or the five highest paid individuals as incentives or resignation compensation for joining the Group or when joining the Group. No director or supervisor had waived any remuneration.

(6) Other related party transactions

| Item | 2021 | 2020 |
|---|-----------------------|-----------------------|
| Interest income – CGN Finance | 149,179,798.28 | 161,450,217.46 |
| Interest income – Others | 29.92 | 156.52 |
| Total | 149,179,828.20 | 161,450,373.98 |
| Interest expenses – CGN Finance | 384,704,134.29 | 316,815,687.70 |
| Interest expenses – CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司) | 25,955,555.55 | 11,925,375.00 |
| Interest expenses – CGNPC | 20,293,061.11 | 29,670,222.22 |
| Interest expenses – CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司) | 4,651,155.00 | 1,795,024.56 |
| Interest expenses – Hualong Pressurized Water Reactor Technology Corporation, Ltd. (華龍國際核電技術有限公司) | 1,503,107.61 | 2,675,250.00 |
| Interest expenses – Shenzhen Zhaoyinbailu Investment Partnership (Limited Partnership) (深圳招銀白鷺投資合夥企業(有限合夥)) | – | 76,899,155.21 |
| Interest expenses – Shanghai Engineering Science & Technology Co., Ltd (上海中廣核工程科技有限公司) | – | 354,496.37 |
| Total | 437,107,013.56 | 440,135,211.06 |
| Fee expenses – CGN Finance | 2,447,954.23 | 1,463,786.97 |
| Fee expenses – Others | 1,189.79 | (3,553.10) |
| Total | 2,449,144.02 | 1,460,233.87 |

As at December 31, 2021, the continuing connected transactions which constitute the continuing connected transactions within the meaning of Chapter 14A of the Listing Rules have been set out in the Directors' Report section.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

6. Amounts due from/due to related parties

(1) Receivables

| Item name | Related party | December 31, 2021 | | December 31, 2020 | |
|--------------------------|--|-------------------|---------------------|-------------------|---------------------|
| | | Carrying balance | Bad debt provisions | Carrying balance | Bad debt provisions |
| Cash at bank and in hand | CGN Finance | 15,573,998,255.45 | - | 11,909,848,631.74 | - |
| | CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司) | 70,783,796.97 | - | 39,534,441.26 | - |
| | Total | 15,644,782,052.42 | - | 11,949,383,073.00 | - |
| Accounts receivable | CGN Wind Energy Co., Ltd. and its subsidiaries | 2,758,034,522.20 | 32,875,407.54 | 1,725,030,037.72 | 5,182,367.87 |
| | CGN New Energy Investment (Shenzhen) Company Limited (中廣核新能源投資(深圳)有限公司) and its subsidiaries | 611,585,896.48 | 1,834,757.68 | 2,632,220.00 | 7,896.66 |
| | HKNIC | 466,269,844.51 | 1,398,809.52 | 490,760,950.11 | 1,472,282.85 |
| | CGN Cangnan Nuclear Power Co., Ltd. (中廣核蒼南核電有限公司) | 277,756,281.68 | 831,961.31 | 153,175,793.83 | 459,527.38 |
| | Hongyanhe Nuclear | 276,133,282.06 | 1,235,379.73 | 229,114,638.68 | 2,831,637.45 |
| | CGN Huizhou Nuclear Power Co., Ltd. (中廣核惠州核電有限公司) | 239,953,764.98 | 708,928.91 | 19,694,670.19 | 59,084.01 |
| | CGN Solar Energy Development Co., Ltd. and its subsidiaries | 95,761,483.11 | 325,605.85 | 61,240,950.20 | 198,275.85 |
| | CGN Uranium Resources Co., Ltd. and its subsidiaries | 55,833,095.08 | 842,185.23 | 38,508,308.24 | 115,524.93 |
| | China Nuclear Power EPC Limited and its subsidiaries | 34,480,599.84 | 293,239.81 | 201,257,026.81 | 628,869.08 |
| | CGN Energy International Holdings Co., Limited and its subsidiaries | 30,198,586.30 | 378,082.76 | 13,833,981.50 | 78,284.27 |
| | CGN Nuclear Technology Application Co., Ltd. (中廣核核技術應用有限公司) and its subsidiaries | 23,791,957.07 | 221,813.47 | 11,518,733.60 | 34,556.20 |
| | CGN Energy Conservation Industry Development Co., Ltd. | 18,008,565.24 | 443,677.59 | 11,100,329.49 | 33,300.99 |
| | Swakop Uranium (Pty) Ltd. | 16,740,154.44 | 50,225.63 | 14,068,472.35 | 2,912,867.11 |
| | CGN Services Group | 14,840,615.28 | 44,521.84 | 21,131,243.73 | 63,393.73 |
| | China Techenergy Co., Ltd. (北京廣利核系統工程有限公司) | 12,117,973.29 | 45,945.70 | 21,206,184.73 | 261,253.55 |
| | CGN Capital Holdings Co., Ltd. (中廣核資本控股有限公司) and its subsidiaries | 9,572,473.00 | 28,717.42 | 3,965,566.81 | 11,896.70 |
| | CGNPC | 8,980,000.00 | 26,940.00 | 6,314,726.00 | 25,994.18 |
| | CGN Finance | 6,354,834.84 | 19,064.50 | 7,215,388.05 | 21,646.16 |
| | Shanghai Engineering Science & Technology Co., Ltd. (上海中廣核工程科技有限公司) | 4,817,912.43 | 14,453.74 | 508,544.00 | 1,713.63 |
| | Shenzhen Bailu Health Service Co., Ltd. (深圳市白鷺健康服務有限公司) | 4,530,932.10 | 13,592.79 | 4,530,932.10 | 120,069.94 |
| | CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司) | 3,407,753.98 | 10,223.26 | 3,132,245.53 | 9,396.74 |
| | CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司) | 2,981,091.12 | 8,943.27 | 3,185,227.04 | 9,555.68 |
| | CGN Environmental Protection Industry Co., Ltd. (中廣核環保產業有限公司) and its subsidiaries | 1,798,318.00 | 86,106.31 | 23,526,261.97 | 70,578.79 |
| | Others | 5,617,562.23 | 101,442.03 | 9,596,871.50 | 33,206.74 |
| | Total | 4,979,567,499.26 | 41,840,025.89 | 3,076,249,304.18 | 14,643,180.49 |

| Item name | Related party | December 31, 2021 | | December 31, 2020 | |
|---------------------------|--|-------------------|---------------------|-------------------|---------------------|
| | | Carrying balance | Bad debt provisions | Carrying balance | Bad debt provisions |
| Prepayments | CGN Uranium Resources Co., Ltd. and its subsidiaries | 8,651,702,115.43 | - | 9,020,394,637.91 | - |
| | China Nuclear Industry Second and Third Construction Co., Ltd. (中國核工業二三建設有限公司) | 247,380,597.58 | - | 442,192,994.42 | - |
| | China Techenergy Co., Ltd. (北京廣利核系統工程有限公司) | 75,038,318.82 | - | 51,824,320.42 | - |
| | CGN Services Group | 21,220,094.34 | - | 21,185,000.00 | - |
| | Shenzhen Nuclear Power Huantong Automobile Service Co., Ltd. (深圳核電環通汽車服務有限公司) | 15,500,000.00 | - | 10,800,000.00 | - |
| | Hualong Pressurized Water Reactor Technology Corporation, Ltd. (華龍國際核電技術有限公司) | 11,320,754.74 | - | 5,660,377.38 | - |
| | Shenzhen Lv Yuan Restaurant Management Co., Ltd. (深圳綠源餐飲管理有限公司) | 9,750,000.00 | - | 2,088,000.00 | - |
| | Framatome Inc. | 9,467,566.90 | - | 435,397.51 | - |
| | CIECC Engineering Company Limited (中諮工程有限公司) | 2,461,172.26 | - | 2,461,172.26 | - |
| | CGN Nuclear Technology Application Co., Ltd. (中廣核核技術應用有限公司) and its subsidiaries | 1,771,211.20 | - | - | - |
| | Shanghai Engineering Science & Technology Co., Ltd (上海中廣核工程科技有限公司) | - | - | 9,068,471.57 | - |
| | CGNPC | - | - | 3,202,948.54 | - |
| | Others | 3,680,759.83 | - | 4,545,279.36 | - |
| | Total | 9,049,292,591.10 | - | 9,573,858,599.37 | - |
| Contract assets | Hongyanhe Nuclear | 1,393,053.48 | - | 1,203,544.43 | - |
| | Others | 15,360.00 | - | 145,000.00 | - |
| | Total | 1,408,413.48 | - | 1,348,544.43 | - |
| Other receivables | CGN Services Group | 17,549,172.90 | 17,549,172.90 | 22,721,699.96 | 22,335,310.94 |
| | China Nuclear Industry Second and Third Construction Co., Ltd. (中國核工業二三建設有限公司) | 7,883,797.15 | 23,557.00 | 10,488,281.90 | 31,464.85 |
| | CIECC Engineering Company Limited (中諮工程有限公司) | 2,710,600.00 | 8,131.80 | - | - |
| | Others | - | - | 686,731.70 | 500,020.19 |
| | Total | 28,143,570.05 | 17,580,861.70 | 33,896,713.56 | 22,866,795.98 |
| Others non-current assets | CGN Uranium Resources Co., Ltd. and its subsidiaries | 2,236,608,696.22 | - | 1,384,794,089.22 | - |
| | China Techenergy Co., Ltd. (北京廣利核系統工程有限公司) | 1,281,120.00 | - | 2,369,560.00 | - |
| | Shenzhen Nuclear Power Material Supply Co., Ltd. (深圳市核電物資供應有限公司) | 1,000,000.00 | - | 1,000,000.00 | - |
| | Others | 3,350,410.57 | - | 2,140,873.56 | - |
| | Total | 2,242,240,226.79 | - | 1,390,304,522.78 | - |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(2) Payables

| Item name | Related party | December 31, 2021 | December 31, 2020 |
|------------------|--|-------------------------|-------------------------|
| Accounts payable | China Nuclear Industry Second and Third Construction Co., Ltd. (中國核工業二三建設有限公司) | 186,059,666.02 | 301,788,331.23 |
| | CGN Uranium Resources Co., Ltd. and its subsidiaries | 112,833,068.30 | 51,857,593.17 |
| | CGN Services Group | 101,543,666.16 | 109,395,389.03 |
| | China Techenergy Co., Ltd. (北京廣利核系統工程有限公司) | 91,198,687.50 | 78,225,693.53 |
| | Shenzhen Lvyan Restaurant Management Co., Ltd. (深圳綠源餐飲管理有限公司) | 61,005,847.31 | 53,268,917.61 |
| | Shenzhen Nuclear Power Electrical Installation and Maintenance Co., Ltd. (深圳市核電機電安裝維修有限公司) | 59,349,826.57 | 61,543,054.20 |
| | Shenzhen Nuclear Power Huantong Automobile Service Co., Ltd. (深圳核電環通汽車服務有限公司) | 52,071,416.54 | 57,495,632.65 |
| | Shanghai Engineering Science & Technology Co., Ltd. (上海中廣核工程科技有限公司) | 51,907,499.18 | 68,897,815.02 |
| | Shenzhen Kezhi Management Consulting Co., Ltd. (深圳市科智管理諮詢有限公司) | 49,743,770.28 | 16,854,874.35 |
| | CGN Environmental Protection Industry Co., Ltd. (中廣核環保產業有限公司) and its subsidiaries | 45,840,894.07 | 44,166,662.75 |
| | Dongfang Framatome Nuclear Pump Co., Ltd. (東方法馬通核泵有限責任公司) | 28,304,578.83 | 47,460,069.15 |
| | Shenzhen Bailu Health Service Co., Ltd. (深圳市白鷺健康服務有限公司) | 28,007,790.71 | 24,955,522.60 |
| | CGN Capital Holdings Co., Ltd. (中廣核資本控股有限公司) and its subsidiaries | 27,691,735.85 | - |
| | Shenzhen Nuclear Service Garden Co., Ltd. (深圳市核服園林有限公司) | 17,906,668.24 | 12,205,695.59 |
| | Framatome Inc. | 14,588,277.22 | 18,466,100.68 |
| | Shenzhen Nuclear Power Property Co., Ltd. (深圳市核電物業有限公司) | 14,314,626.70 | 22,336,782.83 |
| | CGNPC | 11,889,413.21 | 68,578,062.50 |
| | Shenzhen Nuclear Power Material Supply Co., Ltd. (深圳市核電物資供應有限公司) | 9,959,625.76 | 1,513,221.93 |
| | Hongyanhe Nuclear | 6,564,330.40 | 40,613,112.49 |
| | China Nuclear Power EPC Limited 及其子公司 | 6,484,604.13 | 6,061,140.81 |
| | Shenzhen Zhenhe Construction Engineering Project Management Co., Ltd. (深圳市振核建設工程項目管理有限公司) | 5,144,234.27 | 16,015,962.28 |
| | CGN Wind Energy Co., Ltd. and its subsidiaries | 4,701,951.32 | 2,796,290.94 |
| | Guangdong Electric Power Design Institute of China Energy Engineering Group | 4,198,113.22 | 23,190,289.68 |
| | CGN Jiuyuan (Chengdu) Science and Technology Co., Ltd. (中廣核久源(成都)科技有限公司) | 3,620,595.45 | 4,885,720.97 |
| | CGN New Energy Holdings Co., Ltd. and its subsidiaries | 2,800,394.94 | 2,288,029.98 |
| | CIECC Engineering Company Limited (中諮工程有限公司) | 1,395,408.84 | 2,219,341.14 |
| | Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司) | - | 15,347,851.40 |
| | Others | 54,915,873.96 | 44,783,662.92 |
| | Total | 1,054,042,564.98 | 1,197,210,821.43 |

| Item name | Related party | December 31, 2021 | December 31, 2020 |
|----------------------|--|-------------------|-------------------|
| Contract liabilities | CGN Wind Energy Co., Ltd. and its subsidiaries | 7,878,267.00 | 6,882,678.00 |
| | Hongyanhe Nuclear | 7,160,287.80 | 5,834,649.52 |
| | CGNPC | - | 7,075,094.35 |
| | Others | 3,013,111.00 | 2,061,786.00 |
| | Total | 18,051,665.80 | 21,854,207.87 |
| Short-term loans | CGN Finance | 7,882,845,145.69 | 10,152,105,550.28 |
| | Hualong Pressurized Water Reactor Technology Corporation, Ltd. (華龍國際核電技術有限公司) | 150,173,683.33 | 100,130,500.00 |
| | CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司) | 100,040,000.00 | - |
| | CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司) | 26,441,906.56 | 35,685,056.34 |
| | Total | 8,159,500,735.58 | 10,287,921,106.62 |
| Long-term loans | CGN Finance | 7,568,053,511.99 | 5,984,136,745.69 |
| | CGNPC | 800,000,000.00 | 800,000,000.00 |
| | CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司) | - | 495,000,000.00 |
| | Total | 8,368,053,511.99 | 7,279,136,745.69 |
| Other payables | HKNIC | 796,962,500.00 | - |
| | CGNPC | 48,164,748.38 | 171,599,077.28 |
| | Guangdong Electric Power Design Institute of China Energy Engineering Group | 11,821,768.88 | 9,053,293.01 |
| | Hongyanhe Nuclear | 7,940,182.91 | 1,205,516.87 |
| | Shenzhen Bailu Health Service Co., Ltd. (深圳市白鷺健康服務有限公司) | 3,260,195.75 | 1,587,609.53 |
| | CGN Wind Energy Co., Ltd. and its subsidiaries | 2,389,440.55 | 2,279,763.20 |
| | China Nuclear Industry Second and Third Construction Co., Ltd. (中國核工業二三建設有限公司) | 2,350,545.28 | 110,595.28 |
| | CGN Uranium Resources Co., Ltd. and its subsidiaries | 1,847,551.28 | 2,329,228.54 |
| | CGN Huizhou Nuclear Power Co., Ltd. (中廣核惠州核電有限公司) | 1,457,503.11 | 5,893,141.57 |
| | CGN Solar Energy Development Co., Ltd. and its subsidiaries | 1,273,772.03 | 1,550,456.28 |
| | CGN Services Group | 1,018,659.26 | 1,282,257.97 |
| | Shenzhen Nuclear Power Electrical Installation and Maintenance Co., Ltd. (深圳市核電機電安裝維修有限公司) | 785,735.12 | 311,625.51 |
| | China Techenergy Co., Ltd. (北京廣利核系統工程有限公司) | 756,846.82 | 469,700.53 |
| | CGN Cangnan Nuclear Power Co., Ltd. (中廣核蒼南核電有限公司) | 670,295.59 | 369,341.98 |
| | Guangxi GI Energy Group Co., Ltd. (廣西廣投能源集團有限公司) | - | 1,863,691,440.00 |
| Others | 3,566,982.26 | 6,997,248.47 | |
| | Total | 884,266,727.22 | 2,068,730,296.02 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

| Item name | Related party | December 31, 2021 | December 31, 2020 |
|---|--|-------------------|-------------------|
| Lease liabilities | CGNPC | 149,518,836.23 | - |
| | CGN Real Estate Management Co., Ltd. (中廣核不動產管理有限公司) | 20,551,982.32 | 13,894,397.52 |
| | Shenzhen Bailu Health Service Co., Ltd. (深圳市白鷺健康服務有限公司) | 19,953,685.65 | 19,698,009.19 |
| | Shenzhen Nuclear Power Property Co., Ltd. (深圳市核電物業有限公司) | 5,897,628.22 | 436,469.96 |
| | CGN Services Group | 672,095.75 | 2,067,035.57 |
| | Others | 337,278.35 | 312,855.13 |
| | Total | 196,931,506.52 | 36,408,767.37 |
| Non-current liabilities due within one year | CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司) | 486,670,218.75 | 1,761,478.13 |
| | CGN Finance | 288,874,880.50 | 283,847,971.00 |
| | CGNPC | 121,803,234.45 | 78,198,543.15 |
| | Shenzhen Bailu Health Service Co., Ltd. (深圳市白鷺健康服務有限公司) | 8,951,451.94 | 13,173,544.10 |
| | CGN Real Estate Management Co., Ltd. (中廣核不動產管理有限公司) | 3,987,608.08 | - |
| | Shanghai Engineering Science & Technology Co., Ltd. (上海中廣核工程科技有限公司) | 3,973,631.37 | 7,463,081.39 |
| | CGN Services Group | 1,625,637.85 | 1,551,613.87 |
| | CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司) | - | 120,426,270.84 |
| | Others | 3,554,176.86 | 310,004.47 |
| | Total | 919,440,839.80 | 506,732,506.95 |

(XI) Share-based Payment

1. Overall share-based payment

| Item | 2021 | | 2020 | |
|---|-------------|-------------------|-------------|-----------------|
| | First Batch | Second Batch | First Batch | Second Batch |
| Total equity instruments of the Company at the beginning of the year | 59,520,024 | 451,770,832 | 129,946,651 | 462,360,003 |
| Total equity instruments granted by the Company during the year | - | - | - | - |
| Total equity instruments exercised by the Company during the year | - | 180,713,400 | - | 3,962,500.00 |
| Total equity instruments of the Company that have expired during the year | 59,520,024 | 10,553,332 | 70,426,627 | 6,626,671 |
| Total equity instruments of the Company at the end of the year | - | 260,504,100 | 59,520,024 | 451,770,832 |
| The range of exercise prices of outstanding share appreciation rights of the Company at the end of the year and the remaining period of the contracts | / | HKD1.7427 | HKD3.5000 | HKD1.8393 |
| | 0 year | 0.95 – 2.95 years | 0.96 year | 1.95-3.95 years |

The Group has set up an H-share Appreciation Rights (“SAR”) Scheme (the “Scheme”) for core staff who exert significant impact on the Company’s strategic target, including Directors (excluding the non-executive Directors and the independent non-executive Directors), senior management 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”). The Scheme 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 on November 5, 2015. Pursuant to the initial scheme, 256,240,000 units of SAR were granted to Incentive Recipients of the Group (including Hongyanhe Nuclear) at the exercise price of HKD3.50 per share. One third of the total number of SAR are vested and entitled on or after December 19, 2016 (which was expired and lapsed on December 16, 2019), one third of the total number of SAR are vested and entitled on or after December 18, 2017 (which was expired and lapsed on December 16, 2020) and the remaining one third of the total number of SAR are vested and entitled on or after December 18, 2018 (which was expired and lapsed on December 16, 2021).

The secondary implementation plan of the SAR was approved by the Board on December 14, 2017. Pursuant to the secondary scheme, 568,970,000 units of SAR were granted to Incentive Recipients of the Group (including Hongyanhe Nuclear) at the exercise price of HKD2.09 per share. One third of the total number of SAR are vested and entitled on or after December 16, 2019, one third of the total number of SAR are vested and entitled on or after December 15, 2020 and the remaining one third of the total number of SAR are vested and entitled on or after December 15, 2021.

According to the exercise arrangement of the second grant of the incentive scheme, if events such as capitalization of capital reserve, distribution of bonus shares, share subdivision or consolidation, rights issue, secondary offering or dividend distribution occur to the listed company before the exercise of SAR, corresponding adjustment to the exercise price of SAR shall be made. However, under no circumstances shall any adjustment results in the exercise price being lower than the par value of the shares. On January 8, 2020, the Board adopted the second grant of the adjustment plan of the exercise price of SAR, adjusting the exercise price of SAR granted in the second phase from HKD2.09 per share to HKD1.9223 per share. On May 20, 2020, the Board approved the second grant of the adjustment plan of the exercise price of SAR, adjusting the exercise price of SAR granted in the second phase from HKD1.9223 per share to HKD1.8393 per share. On April 22, 2021, the Board approved the proposal on adjusting the exercise price of SAR in the second grant of the incentive scheme, adjusting the exercise price of SAR granted in the second phase from HKD1.8393 per share to HKD1.7427 per share.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

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. The SAR will have to be exercised within the specified services periods and the exercise period is three 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.

During this period, a total of 59,520,024 units granted under the initial implementation plan of the SAR expired. A total of 10,553,332 units under the secondary implementation plan of the SAR expired. A total of 180,713,400 units under the secondary implementation plan of the SAR were exercised during this period.

2. Cash-Settled Share-based Payment

| Item | Unit: RMB | |
|--|---------------------------------------|---------------------------------------|
| | 2021 | 2020 |
| Methods for determining fair value of liabilities undertook by the Company and calculated by share or other equity instruments | Black-Scholes options valuation model | Black-Scholes options valuation model |
| Accumulated liabilities arising from cash-settled share-based payment in liabilities | 142,778,077.84 | 35,764,317.95 |
| Total fees/(gains) recognized in respect of cash-settled share-based payment during the year | 145,553,899.81 | (41,085,848.84) |

The fair value of share-based payment is measured by using the Black-Scholes Model, and inputs used in the model are as follows:

| Item | December 31, 2021 | December 31, 2020 |
|-------------------------|-------------------|-------------------|
| Share price (HKD) | 2.37 | 1.67 |
| Expected volatility | 28.73% – 36.02% | 21.56% – 28.12% |
| Expected dividend yield | 4.075% | 4.971% |

The first grant under the Scheme:

| Item | December 31, 2021 | December 31, 2020 |
|----------------------|-------------------|-------------------|
| Exercise price (HKD) | 3.50 | 3.50 |
| Expected term | 0 year | 0.96 years |
| Risk-free rate | / | 0.080% |
| Fair value (HKD) | / | 0.0004 |

The second batch of the Scheme:

| Item | December 31, 2021 | December 31, 2020 |
|----------------------|-------------------|-------------------|
| Exercise price (HKD) | 1.74 | 1.84 |
| Expected term | 0.95 – 2.95 years | 1.95 – 3.95 years |
| Risk-free rate | 0.273% – 0.860% | 0.085% – 0.217% |
| Fair value (HKD) | 0.60 – 0.63 | 0.10 – 0.11 |

The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. Changes in variables of specific assumptions may result in changes in the value of the options. The expected volatility is determined with reference to the historical volatility of the stock prices of the Group and other listed power generation companies. The expected term used in the model has been adjusted based on the management's best estimates on the restrictions imposed in respect of the non-transferability and behavioral considerations.

(XII) Commitments and Contingencies

1. Important commitments

Capital commitments

| Item | December 31, 2021 | December 31, 2020 |
|--|-------------------|-------------------|
| Commitment of acquisition and construction of long-term assets | 12,025,010,681.92 | 11,571,964,265.34 |
| Large-amount contracts | 6,051,692,000.00 | 3,619,409,870.83 |
| Total | 18,076,702,681.92 | 15,191,374,136.17 |

2. Contingencies

There are no important contingencies that should be disclosed by the Group.

(XIII) Events after the Balance Sheet Date

1. Profit distribution after the balance sheet date

Proposed dividends on ordinary shares after the balance sheet date

On March 17, 2022, the Board proposed the Company to distribute cash dividends of RMB0.084 (tax inclusive) per share (2020: RMB0.080 (tax inclusive) per share) to the holders of ordinary shares, for a total of RMB4,241,883,332.40 (2020: RMB4,039,888,888.00). The proposal is subject to approval at the general meeting. The cash dividends proposed after the balance sheet date were not recognized as liabilities on the balance sheet date.

(XIV) Other Important Matters

1. Segment report

(1) Basis and accounting policies of reporting segments

According to the internal organization structure, management requirements and internal reporting system of the Group, the Group's business is divided into 2 reporting segments, namely nuclear power business operation, sales of electricity and related technical services segment, and engineering, construction and related technical services segment. These reporting segments are recognized based on income, nature, business model, etc. The major products and services provided by the reporting segments of the Group are electricity sales, engineering, construction and technical services. The Group's management regularly evaluates the operating results of these segments to determine the resources to be allocated and evaluates its results.

Segment reporting information is disclosed in accordance with the accounting policies and measurement basis adopted for reporting to the management by each segment, which are consistent with the accounting policies and measurement basis for preparing the financial statements.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(2) Financial information of reporting segments

| Item | Nuclear power business operation, sales of electricity and related technical services segment | Engineering, construction and related technical services segment | Inter-segment eliminations | December 31, 2021/2021 |
|---|---|---|-------------------------------|---------------------------|
| Operating revenue | 60,876,611,980.58 | 28,850,482,770.06 | (9,048,349,992.69) | 80,678,744,757.95 |
| Revenue from external customers | 60,182,467,941.20 | 20,496,276,816.75 | - | 80,678,744,757.95 |
| Revenue from internal segments | 694,144,039.38 | 8,354,205,953.31 | (9,048,349,992.69) | - |
| Operating cost | 34,495,045,141.64 | 27,889,053,529.90 | (8,488,758,562.76) | 53,895,340,108.78 |
| Total assets | 386,681,392,898.65 | 31,781,922,806.04 | (18,470,307,859.31) | 399,993,007,845.38 |
| Total liabilities | 235,732,917,206.20 | 26,556,058,065.01 | (13,206,399,049.80) | 249,082,576,221.41 |
| Income from investment in associates | 1,068,725,653.82 | 228,499,015.63 | 66,972,987.33 | 1,364,197,656.78 |
| Long-term equity investment accounted by using the equity method | 10,745,347,031.11 | 2,102,915,546.79 | (430,722,838.07) | 12,417,539,739.83 |
| Operating profit | 18,745,427,917.25 | 113,666,820.50 | (545,425,326.98) | 18,313,669,410.77 |
| Income tax expenses | 2,564,212,880.58 | (40,223,555.36) | (81,813,799.05) | 2,442,175,526.17 |
| Net profit | 15,958,851,237.77 | 188,705,303.19 | (463,611,527.93) | 15,683,945,013.03 |

| Item | Nuclear power business operation, sales of electricity and related technical services segment | Engineering, construction and related technical services segment | Inter-segment eliminations | December 31, 2020/2020 |
|---|---|---|-------------------------------|---------------------------|
| Operating revenue | 57,507,222,770.97 | 21,324,289,201.02 | (8,246,801,414.86) | 70,584,710,557.13 |
| Revenue from external customers | 56,922,977,816.78 | 13,661,732,740.35 | - | 70,584,710,557.13 |
| Revenue from internal segments | 584,244,954.19 | 7,662,556,460.67 | (8,246,801,414.86) | - |
| Operating cost | 31,586,221,079.35 | 20,065,277,836.48 | (7,232,207,133.65) | 44,419,291,782.18 |
| Total assets | 377,832,430,926.40 | 28,263,495,925.35 | (14,197,553,366.02) | 391,898,373,485.73 |
| Total liabilities | 236,581,855,082.73 | 23,275,323,506.48 | (9,589,411,361.39) | 250,267,767,227.82 |
| Income from investment in associates | 820,585,040.66 | 232,540,080.67 | 66,708,223.05 | 1,119,833,344.38 |
| Long-term equity investment accounted by using the equity method | 10,378,720,939.80 | 2,043,037,908.43 | (497,695,825.40) | 11,924,063,022.83 |
| Operating profit | 17,151,654,240.83 | 638,572,885.53 | (898,717,123.19) | 16,891,510,003.17 |
| Income tax expenses | 2,037,791,881.14 | 71,500,480.86 | (134,807,568.48) | 1,974,484,793.52 |
| Net profit | 15,052,908,042.16 | 586,638,195.24 | (763,909,554.71) | 14,875,636,682.69 |

Revenue from external customers by location of revenue sources and non-current assets by location of assets

| Item | 2021 | 2020 |
|--|--------------------------|--------------------------|
| Revenue from external customers in the PRC | 75,159,302,084.03 | 64,418,912,800.18 |
| Revenue from external customers in other countries | 5,519,442,673.92 | 6,165,797,756.95 |
| Total | 80,678,744,757.95 | 70,584,710,557.13 |

| Item | December 31, 2021 | December 31, 2020 |
|---------------------------------------|---------------------------|---------------------------|
| Non-current assets in the PRC | 331,990,829,134.13 | 328,615,662,748.07 |
| Non-current assets in other countries | 36,027,880.80 | 38,436,299.96 |
| Total | 332,026,857,014.93 | 328,654,099,048.03 |

Dependence on major customers

| Item | 2021 | | 2020 | |
|--|---------------------------|--|---------------------------|--|
| | Operating revenue of 2021 | Percentage to the operating revenue of the Group | Operating revenue of 2020 | Percentage to the operating revenue of the Group |
| Guangdong Power Grid Co., Ltd. | 36,836,879,570.64 | 45.66% | 35,060,731,003.42 | 49.67% |
| Fujian Electric Grid Co., Ltd. | 9,939,650,672.56 | 12.32% | 9,721,516,217.23 | 13.77% |
| CGNPC New Energy Offshore Wind Power (Shanwei) Co., Ltd. (中廣核新能源海上風電(汕尾)有限公司) | 5,856,759,681.67 | 7.26% | 1,335,148,872.09 | 1.89% |
| Guangxi Power Grid Co., Ltd. | 5,768,442,673.66 | 7.15% | 4,931,410,113.23 | 6.99% |
| HKNIC | 5,389,704,682.68 | 6.68% | 5,655,918,666.01 | 8.01% |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(XV) Notes to Major Items in the Financial Statements of the Parent Company

1. Accounts receivable

(a) Accounts receivable disclosed by category

| Type | December 31, 2021 | | | | | December 31, 2020 | | | | |
|--|-------------------|------------|---------------------|-----------------------|------------------|-------------------|------------|---------------------|-----------------------|----------------|
| | Carrying balance | | Bad debt provisions | | Carrying value | Carrying balance | | Bad debt provisions | | Carrying value |
| | Amount | percentage | Amount | Provisions percentage | | Amount | percentage | Amount | Provisions percentage | |
| Accounts receivable for which provision for bad debts has been made by group | 1,233,528,873.24 | 100.00% | 2,446,124.52 | 0.20% | 1,231,082,748.72 | 978,590,851.01 | 100.00% | 852,208.96 | 0.09% | 977,738,642.05 |
| Including: Accounts receivable by subsidiaries within the scope of consolidation | 882,762,937.50 | 71.56% | - | - | 882,762,937.50 | 715,147,967.71 | 73.08% | - | - | 715,147,967.71 |
| Group 1 | 350,698,964.99 | 28.43% | 2,439,441.99 | 0.70% | 348,259,523.00 | 262,721,562.55 | 26.85% | 850,045.00 | 0.32% | 261,871,517.55 |
| Group 2 | 66,970.75 | 0.01% | 6,682.53 | 9.98% | 60,288.22 | 721,320.75 | 0.07% | 2,163.96 | 0.30% | 719,156.79 |
| Total | 1,233,528,873.24 | 100.00% | 2,446,124.52 | 0.20% | 1,231,082,748.72 | 978,590,851.01 | 100.00% | 852,208.96 | 0.09% | 977,738,642.05 |

As part of the Company's credit risk management, the Company uses the age of accounts receivable to assess the bad debt loss by grouping of accounts receivable with the same risk characteristics. The credit risk and expected credit loss of each group of accounts receivable are as follows:

Accounts receivable by subsidiaries within the scope of consolidation:

| Aging | December 31, 2021 | | | | December 31, 2020 | | | |
|---------------|---------------------------|------------------|---------------------|----------------|---------------------------|------------------|---------------------|----------------|
| | Expected credit loss rate | Carrying balance | Bad debt provisions | Carrying value | Expected credit loss rate | Carrying balance | Bad debt provisions | Carrying value |
| Within 1 year | 0.00% | 681,886,679.04 | - | 681,886,679.04 | 0.00% | 557,812,625.57 | - | 557,812,625.57 |
| 1 to 2 years | 0.00% | 47,609,576.34 | - | 47,609,576.34 | 0.00% | 157,335,342.14 | - | 157,335,342.14 |
| 2 to 3 years | 0.00% | 153,266,682.12 | - | 153,266,682.12 | 0.00% | - | - | - |
| Total | | 882,762,937.50 | - | 882,762,937.50 | | 715,147,967.71 | - | 715,147,967.71 |

Group 1:

| Aging | December 31, 2021 | | | | December 31, 2020 | | | |
|---------------|---------------------------|------------------|---------------------|----------------|---------------------------|------------------|---------------------|----------------|
| | Expected credit loss rate | Carrying balance | Bad debt provisions | Carrying value | Expected credit loss rate | Carrying balance | Bad debt provisions | Carrying value |
| Within 1 year | 0.30% | 323,503,318.44 | 973,909.66 | 322,529,408.78 | 0.30% | 261,404,959.87 | 784,214.87 | 260,620,745.00 |
| 1 to 2 years | 5.00% | 26,490,646.55 | 1,324,532.33 | 25,166,114.22 | 5.00% | 1,316,602.68 | 65,830.13 | 1,250,772.55 |
| 2 to 3 years | 20.00% | 705,000.00 | 141,000.00 | 564,000.00 | 20.00% | - | - | - |
| Total | | 350,698,964.99 | 2,439,441.99 | 348,259,523.00 | | 262,721,562.55 | 850,045.00 | 261,871,517.55 |

Group 2:

| Aging | December 31, 2021 | | | | December 31, 2020 | | | |
|---------------|---------------------------|------------------|---------------------|----------------|---------------------------|------------------|---------------------|----------------|
| | Expected credit loss rate | Carrying balance | Bad debt provisions | Carrying value | Expected credit loss rate | Carrying balance | Bad debt provisions | Carrying value |
| Within 1 year | 0.30% | 150.00 | 0.45 | 149.55 | 0.30% | 721,320.75 | 2,163.96 | 719,156.79 |
| 1 to 2 years | 10.00% | 66,820.75 | 6,682.08 | 60,138.67 | 10.00% | - | - | - |
| Total | | 66,970.75 | 6,682.53 | 60,288.22 | | 721,320.75 | 2,163.96 | 719,156.79 |

(b) Changes in provision for bad debts of accounts receivable

| | December 31, 2021 |
|---------------------------------------|-------------------|
| Opening balance | 852,208.96 |
| Provisions made during the year | 1,633,538.67 |
| Recovered or reversed during the year | (39,623.11) |
| Closing balance | 2,446,124.52 |

(c) Top five debtors with the largest closing balances of accounts receivable

2021

All of top five debtors with the largest closing balances were subsidiaries

| Name of entity | Carrying balance | Percentage to total accounts receivable (%) | Closing balance of provisions for bad debts |
|------------------|------------------|---|---|
| Taishan Nuclear | 105,706,675.42 | 8.57% | - |
| CGN Engineering | 76,289,150.08 | 6.18% | - |
| Lingdong Nuclear | 72,718,364.15 | 5.89% | - |
| Ling'ao Nuclear | 72,161,030.00 | 5.85% | - |
| GNPJVC | 72,124,764.16 | 5.85% | - |
| Total | 398,999,983.81 | 32.34% | - |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

2. Other receivables

| Item | December 31, 2021 | December 31, 2020 |
|----------------------|-------------------------|-------------------------|
| Dividends receivable | 1,867,585,220.01 | 3,132,955,220.01 |
| Other receivables | 24,348,746.36 | 27,747,425.70 |
| Total | 1,891,933,966.37 | 3,160,702,645.71 |

(1) Dividends receivable

(a) Dividends receivable

All of top five debtors with the largest closing balances were subsidiaries

| Investee | December 31, 2021 | December 31, 2020 |
|---------------------------|-------------------------|-------------------------|
| Lingdong Nuclear | 636,666,346.22 | 849,166,346.22 |
| Ling'ao Nuclear | 551,292,681.66 | 1,391,292,681.66 |
| CGN Engineering | 679,626,192.13 | 679,626,192.13 |
| CGN Operations | – | 212,870,000.00 |
| Total | 1,867,585,220.01 | 3,132,955,220.01 |
| Less: Bad debt provisions | – | – |
| Carrying value | 1,867,585,220.01 | 3,132,955,220.01 |

(b) As at December 31, 2021 and December 31, 2020, significant dividends receivable aged over 1 year of the Company are as follows:

| Investee | Closing balance | Aging | Reason for being not recovered | Whether an impairment occurred and the basis for its judgment |
|------------------|-----------------|--------------|--------------------------------|--|
| CGN Engineering | 679,626,192.13 | 1 to 2 years | Fund arrangement in the Group | No impairment occurred and CGN Engineering maintained sound operation |
| Ling'ao Nuclear | 551,292,681.66 | 1 to 2 years | Fund arrangement in the Group | No impairment occurred and Ling'ao Nuclear maintained sound operation |
| Lingdong Nuclear | 636,666,346.22 | 1 to 2 years | Fund arrangement in the Group | No impairment occurred and Lingdong Nuclear maintained sound operation |

(2) Other receivables

(a) Other receivables disclosed by category

| Item | December 31, 2021 | | | | | December 31, 2020 | | | | |
|---|-------------------|------------|---------------------|-----------------------|----------------|-------------------|------------|---------------------|-----------------------|----------------|
| | Carrying balance | | Bad debt provisions | | | Carrying balance | | Bad debt provisions | | |
| | Amount | Percentage | Amount | Provisions percentage | Carrying value | Amount | Percentage | Amount | Provisions percentage | Carrying value |
| Other receivables by subsidiaries within the scope of consolidation | 23,358,216.17 | 95.74% | - | 0.00% | 23,358,216.17 | 26,704,134.19 | 96.23% | - | 0.00% | 26,704,134.19 |
| Provision for bad debts made by group | 1,038,667.80 | 4.26% | 48,137.61 | 4.63% | 990,530.19 | 1,046,430.80 | 3.77% | 3,139.29 | 0.30% | 1,043,291.51 |
| - Group 1 | - | 0.00% | - | 0.00% | - | - | 0.00% | - | 0.00% | - |
| - Group 2 | 1,038,667.80 | 4.26% | 48,137.61 | 4.63% | 990,530.19 | 1,046,430.80 | 3.77% | 3,139.29 | 0.30% | 1,043,291.51 |
| Total | 24,396,883.97 | 100.00% | 48,137.61 | 0.20% | 24,348,746.36 | 27,750,564.99 | 100.00% | 3,139.29 | 0.01% | 27,747,425.70 |

(b) Changes in bad debt provisions for other receivables

| Item | 2021 | | | Total |
|------------------------------------|---|--|---|------------|
| | Expected credit losses within 12 months | Expected credit losses during the whole life (no credit impairment occurred) | Expected credit losses during the whole life (credit impairment occurred) | |
| | | | | |
| January 1, 2021 | 3,139.29 | - | - | 3,139.29 |
| Provisions for the year | 48,137.61 | - | - | 48,137.61 |
| Recovered or reversed for the year | (3,139.29) | - | - | (3,139.29) |
| December 31, 2021 | 48,137.61 | - | - | 48,137.61 |

(c) Top five debtors with the largest closing balances of other receivables

All of top five debtors with the largest closing balances were subsidiaries

| Name of entity | Nature | Amount | Aging | Percentage to total other receivables (%) | Closing balance of provisions for bad debts |
|-----------------------|----------|---------------|---------------|---|---|
| Yangjiang Nuclear | Advances | 7,088,923.55 | Within 1 year | 29.06% | - |
| Fangchenggang Nuclear | Advances | 4,762,457.77 | Within 1 year | 19.52% | - |
| Ningde Nuclear | Advances | 4,361,640.07 | Within 1 year | 17.88% | - |
| GNPJVC | Advances | 2,381,228.88 | Within 1 year | 9.76% | - |
| Lingdong Nuclear | Advances | 2,381,228.89 | Within 1 year | 9.76% | - |
| Total | | 20,975,479.16 | | 85.98% | - |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(d) Other receivables by nature

| Item | December 31, 2021 | December 31, 2020 |
|------------------------|----------------------|----------------------|
| Related party payments | 23,358,216.17 | 26,704,134.19 |
| Others | 1,038,667.80 | 1,046,430.80 |
| Total | 24,396,883.97 | 27,750,564.99 |

3. Other current assets

| Item | December 31, 2021 | December 31, 2020 |
|---|--------------------------|--------------------------|
| VAT retained at the end of the year | 39,104,204.36 | 38,238,544.39 |
| Loans entrusted to subsidiaries | 18,415,000,000.00 | 13,219,000,000.00 |
| Interest receivable for entrusted loans | 16,625,155.57 | 13,854,372.23 |
| Total | 18,470,729,359.93 | 13,271,092,916.62 |

4. Debt investment

| Item | December 31, 2021 | December 31, 2020 |
|---|-------------------------|--------------------------|
| Entrusted loans | 14,190,963,326.36 | 14,758,963,326.36 |
| Others | 37,739,834.23 | |
| Less: Debt investment due within one year | 5,691,000,000.00 | 3,988,000,000.00 |
| Net | 8,537,703,160.59 | 10,770,963,326.36 |

5. Long-term equity investments

(1) Long-term equity investments are classified as follows:

| Item | December 31, 2021 | | | December 31, 2020 | | |
|--|-------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|
| | Carrying balance | Impairment provisions | Carrying value | Carrying balance | Impairment provisions | Carrying value |
| Investments in subsidiaries | 80,196,444,121.58 | - | 80,196,444,121.58 | 78,759,049,781.80 | - | 78,759,049,781.80 |
| Investments in associates and joint ventures | 2,766,619,086.27 | - | 2,766,619,086.27 | 2,669,671,750.98 | - | 2,669,671,750.98 |
| Total | 82,963,063,207.85 | - | 82,963,063,207.85 | 81,428,721,532.78 | - | 81,428,721,532.78 |

(2) Investment in subsidiaries

| | Balance at January 1, 2021 | Changes in the current year | | | Balance at December 31, 2021 | Cash dividends announced to be distributed for the period |
|---|----------------------------|-----------------------------|--------------------|---------------|------------------------------|---|
| | | Additional investment | Reduced investment | Other changes | | |
| 1. Subsidiaries | | | | | | |
| GNIC | 22,734,177,521.54 | - | - | - | 22,734,177,521.54 | 3,000,000,000.00 |
| Ling'ao Nuclear | 6,883,160,867.23 | - | - | - | 6,883,160,867.23 | - |
| Lingdong Nuclear | 2,195,503,954.06 | - | - | - | 2,195,503,954.06 | - |
| Yangjiang Nuclear | 6,162,481,639.48 | - | - | - | 6,162,481,639.48 | 1,221,068,467.86 |
| CGN Operations | 118,807,136.75 | - | - | - | 118,807,136.75 | - |
| CNPRI | 1,990,682,040.74 | 400,000,000.00 | - | - | 2,390,682,040.74 | - |
| Guangdong Daya Bay Nuclear Power Environment Protection Company Co., Ltd. (廣東大亞灣核電環保有限公司) | 99,602,305.72 | - | - | - | 99,602,305.72 | - |
| CGN Nuclear Power Investment Co., Ltd. (中廣核核電投資有限公司) | 9,491,441,569.54 | 71,394,339.78 | - | - | 9,562,835,909.32 | 675,130,400.00 |
| CGN Ninghe Investment Co., Ltd. (中廣核寧核投資有限公司) | 3,306,159,962.85 | - | - | - | 3,306,159,962.85 | 517,723,200.00 |
| SNPI | 1,061,032,900.00 | - | - | - | 1,061,032,900.00 | - |
| Taishan Nuclear | 3,600,022,661.30 | - | - | - | 3,600,022,661.30 | - |
| Taishan Investment | 8,769,244,739.87 | - | - | - | 8,769,244,739.87 | - |
| CGN Engineering | 3,619,094,819.39 | - | - | - | 3,619,094,819.39 | - |
| Lufeng Nuclear | 3,768,000,000.00 | 570,000,000.00 | - | - | 4,338,000,000.00 | - |
| Fangchenggang Investment | 4,559,911,100.00 | 96,000,000.00 | - | - | 4,655,911,100.00 | - |
| Ocean Power | 10,147,205.02 | 120,000,000.00 | - | - | 130,147,205.02 | - |
| Hebei Thermal Power | 10,086,202.41 | - | - | - | 10,086,202.41 | - |
| Power Sales Company | 214,754,017.55 | - | - | - | 214,754,017.55 | - |
| Hebei Zhongzhuang Clean Thermal Energy Co., Ltd. (河北中莊清潔熱能有限公司) | 141,700,000.00 | - | - | - | 141,700,000.00 | - |
| Hepeng Supervision | 3,039,138.35 | - | - | - | 3,039,138.35 | - |
| Shandong Zhaoyuan Nuclear Power Co., Ltd. (山東招遠核電有限公司) | 20,000,000.00 | 80,000,000.00 | - | - | 100,000,000.00 | - |
| Guizhou Yuping Clean Thermal Energy Co., Ltd. (貴州玉屏清潔熱能有限公司) | - | 100,000,000.00 | - | - | 100,000,000.00 | - |
| Total | 78,759,049,781.80 | 1,437,394,339.78 | - | - | 80,196,444,121.58 | 5,413,922,067.86 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

Other explanations:

The Company pledged its long-term equity investment in Lingdong Nuclear and Taishan Nuclear as security for its subsidiaries' loans, and thus the ownership of which was restricted. As at December 31, 2021 and December 31, 2020, the Company's net long-term equity investment with restricted ownership in Lingdong Nuclear was RMB2,195,503,954.06. As at December 31, 2021 and December 31, 2020, the Company's long-term equity investment with restricted ownership in Taishan Nuclear was RMB3,600,022,661.30.

(3) Investment in associates

| Investee | Changes in the current year | | | | | | | Balance at December 31, 2021 | Closing balance of impairment provisions |
|--|-----------------------------|-----------------------|--------------------|--|--|------------------------------------|------------------|------------------------------|--|
| | Balance at January, 2021 | Additional investment | Reduced investment | Investment income recognized under the equity method | Adjustment of other comprehensive income | Declared cash dividends or profits | | | |
| CGN Fund Phase I | 2,649,671,750.98 | 6,380,005.80 | - | 338,853,269.49 | - | (248,285,940.00) | 2,746,619,086.27 | - | |
| Xiong'an Xingrong Nuclear Power Innovation Center Co., Ltd. (雄安興融核電創新中心有限公司) | 20,000,000.00 | - | - | - | - | - | 20,000,000.00 | - | |
| Total | 2,669,671,750.98 | 6,380,005.80 | - | 338,853,269.49 | - | (248,285,940.00) | 2,766,619,086.27 | - | |

6. Long-term loans

| Item | December 31, 2021 | December 31, 2020 |
|---|-------------------|-------------------|
| Credit loans | 800,000,000.00 | 800,000,000.00 |
| Total | 800,000,000.00 | 800,000,000.00 |
| Less: Long-term loans due within one year | - | - |
| Long-term loans due after one year | 800,000,000.00 | 800,000,000.00 |

7. Operating revenue and operating costs

| Item | 2021 | | 2020 | |
|-----------------------|----------------|----------------|----------------|----------------|
| | Revenue | Cost | Revenue | Cost |
| From other operations | 816,601,748.69 | 721,771,037.37 | 779,102,566.81 | 719,911,193.77 |

8. Investment income

Details of investment income

| Item | 2021 | 2020 |
|--|-------------------------|-------------------------|
| Income from long-term equity investments accounted for using the cost method | 5,413,922,067.86 | 3,835,888,440.20 |
| Income from long-term equity investments accounted for using the equity method | 338,853,269.49 | 297,964,767.17 |
| Interest income from entrusted loans | 1,064,224,539.18 | 940,853,123.74 |
| Total | 6,816,999,876.53 | 5,074,706,331.11 |

9. Supplementary information to cash flow statements

(1) Supplementary information to cash flow statements

| Supplementary information | 2021 | 2020 |
|---|-------------------------|---------------------------|
| 1. Reconciliation of net profits to cash flow from operating activities: | | |
| Net profit | 5,549,027,452.63 | 4,022,855,048.99 |
| Add: Losses from credit impairment | 1,638,913.88 | 5,155.58 |
| Depreciation of fixed assets | 29,244,109.39 | 20,698,128.20 |
| Amortization of intangible assets | 97,072,255.21 | 83,577,407.79 |
| Depreciation of right-of-use assets | 79,213,855.09 | 71,487,638.54 |
| Losses/(gains) from changes in fair value | 15,889,732.55 | (984,308.65) |
| Losses on disposal of fixed assets, intangible asset and other long-term assets | (3,554.26) | - |
| Finance costs | 669,419,615.87 | 582,205,069.07 |
| Investment income | (6,816,999,876.53) | (5,074,706,331.11) |
| Increase in operating receivables | (322,050,691.44) | (186,013,016.21) |
| Increase in operating payables | 106,199,214.62 | 143,715,866.72 |
| Net cash flows used in operating activities | (591,348,972.99) | (337,159,341.08) |
| 2. Net change in cash and cash equivalents: | | |
| Closing balance of cash and cash equivalents | 9,732,690,649.20 | 6,694,196,723.37 |
| Less: Opening balance of cash and cash equivalents | 6,694,196,723.37 | 11,045,331,156.75 |
| Net increase/(decrease) in cash and cash equivalents | 3,038,493,925.83 | (4,351,134,433.38) |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(XVI) Supplementary information

1. Breakdown of non-recurring gains or losses

| Item | 2021 | 2020 |
|--|-----------------------|-----------------------|
| Gains or losses from disposal of non-current assets | 78,676.45 | (1,293,786.08) |
| Government grants recognized in profit or loss for the current period (except for those closely related to the Company's business and for fixed or quantitative purposes in accordance with national uniform standards) | 285,563,013.95 | 217,866,266.33 |
| Except for the effective hedging transactions related to the normal operation of the Company, the gains or losses from changes in fair value arising from holding financial assets and liabilities held for trading, as well as the investment income arising from disposal of financial assets and liabilities held for trading and available-for-sale financial assets | – | (3,357,683.91) |
| Other non-operating income and expenses other than the items above, net | (187,548,871.57) | (41,388,526.96) |
| Other gains or losses items that meet the definition of non-recurring gains or losses | (103,245,506.73) | 8,624,550.31 |
| Total | (5,152,687.90) | 180,450,819.69 |
| Income tax effect of non-recurring gains or losses | (19,135,972.12) | 21,220,033.52 |
| Effect of non-recurring gains or losses attributable to minority shareholders | 11,297,047.21 | 5,184,673.40 |
| Effect of non-recurring gains or losses attributable to shareholders of the parent company, net | 2,686,237.01 | 154,046,112.77 |

2. Return on equity and earnings per share

The statements for return on equity and earnings per share have been prepared by the Company in accordance with the relevant requirements under the Rules on the Preparation and Report of Information Disclosure for Companies Publicly Issuing Securities No. 9 – Calculation and Disclosure of Return on Equity and Earnings Per Share (2010 Revision) issued by China Securities Regulatory Commission.

| | Weighted average return on equity | Earnings per share | |
|--|-----------------------------------|--------------------------|----------------------------|
| | | Basic earnings per share | Diluted earnings per share |
| Profit for the reporting period (2021) | | | |
| Net profit attributable to holders of ordinary shares of the Company | 9.96% | 0.193 | 0.193 |
| Net profit attributable to holders of ordinary shares of the Company (excluding the non-recurring gains or losses) | 9.95% | 0.193 | 0.193 |

| | Weighted average return on equity | Earnings per share | |
|---|---|-----------------------------|----------------------------------|
| | | Basic earnings per share | Diluted earnings per share |
| Profit for the reporting period (2020) | | | |
| Net profit attributable to holders of ordinary shares of the Company | 10.37% | 0.189 | 0.189 |
| Net profit attributable to holders of ordinary shares of the Company (excluding the non-recurring gains or losses) | 10.20% | 0.186 | 0.186 |

Note: In 2021 and 2020, the Group did not have any dilutive potential ordinary shares. Therefore, diluted earnings per share was the same as the basic earnings per share.

(1) Calculation of basic earnings per share

(a) Basic earnings per share

Please refer to Note (V) 58 for details of the calculation of basic earnings per share.

(b) Basic earnings per share (excluding non-recurring gains or losses)

Basic earnings per share (excluding non-recurring gains or losses) is calculated by dividing the consolidated net profit attributable to holders of ordinary shares of the Company (excluding non-recurring gains or losses) by the weighted average number of ordinary shares of the Company in issue:

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Consolidated net profit attributable to holders of ordinary shares of the Company | 9,732,589,251.46 | 9,562,307,621.17 |
| Non-recurring gains or losses attributable to holders of ordinary shares of the Company | 2,686,237.01 | 154,046,112.77 |
| Consolidated net profit attributable to holders of ordinary shares of the Company (excluding non-recurring gains or losses) | 9,729,903,014.45 | 9,408,261,508.40 |
| Weighted average number of ordinary shares of the Company in issue | 50,498,611,100.00 | 50,498,611,100.00 |
| Basic earnings per share (excluding non-recurring gains or losses) (RMB/share) | 0.193 | 0.186 |

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(2) Calculation of weighted average return on equity

(a) Weighted average return on equity

Weighted average return on equity is calculated by dividing the consolidated net profit attributable to holders of ordinary shares of the Company by the weighted average consolidated net assets attributable to holders of ordinary shares of the Company:

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Consolidated net profit attributable to holders of ordinary shares of the Company | 9,732,589,251.46 | 9,562,307,621.17 |
| Weighted average consolidated net assets attributable to holders of ordinary shares of the Company | 97,751,841,951.41 | 92,217,802,285.05 |
| Weighted average return on equity | 9.96% | 10.37% |

(b) Weighted average return on equity (excluding non-recurring gains or losses)

Weighted average return on equity (excluding non-recurring gains or losses) is calculated by dividing the consolidated net profit attributable to holders of ordinary shares of the Company (excluding non-recurring gains or losses) by the weighted average consolidated net assets attributable to holders of ordinary shares of the Company:

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Consolidated net profit attributable to holders of ordinary shares of the Company (excluding non-recurring gains or losses) | 9,729,903,014.45 | 9,408,261,508.40 |
| Weighted average consolidated net assets attributable to holders of ordinary shares of the Company | 97,751,841,951.41 | 92,217,802,285.05 |
| Weighted average return on equity (excluding non-recurring gains or losses) | 9.95% | 10.20% |

Company Information

Joint Company Secretaries

Mr. Yin Engang

Ms. Ng Sau Mei

Auditor

KPMG Huazhen LLP

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Guangdong Province, PRC

Bank of China Limited (Shenzhen Branch)

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2022 Jianshe Road, Luohu District, Shenzhen,

Guangdong Province, PRC

Industrial and Commercial Bank of China Limited (Shenzhen Branch)

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Guangdong Province, PRC

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15 Queen's Road Central, Central, Hong Kong

PRC Law

King & Wood Mallesons

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Shenzhen, PRC

Agricultural Bank of China Limited (Shenzhen Branch)

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Guangdong Province, PRC

The Export-Import Bank of China (Shenzhen Branch)

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100 Fuhua 3rd Road, Futian District, Shenzhen,

Guangdong Province, PRC

Company Information

Contact Us Annual Report

This report was available on our website at www.cgnp.com.cn on April 7, 2022 and posted on April 8, 2022 to Shareholders who have elected to receive corporate communications from the Company in printed form.

In response to environmental protection, the Company encourages and recommends H shareholders to receive this report electronically.

Those Shareholders who (a) received this report electronically and would like to receive a printed copy or vice versa; or (b) received a printed copy of this 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 or via email to the Company.

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 or via email to the Company.

Annual General Meeting

The 2021 AGM is scheduled to be held in May 2022, and the relevant details (including shareholders' right to demand a poll) are set out in the circular to be despatched together with a proxy form to the Shareholders.

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 to be despatched to shareholders of the Company.

Share Registrar

H Shares

Computershare Hong Kong Investor Services Limited
Address: Shops 1712-1716, 17th Floor,
Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

A Shares

Shenzhen Branch of China Securities Depository and Clearing Corporation Limited
Address: 25th Floor, Shenzhen Stock Exchange Building,
2012 Shennan Boulevard, Futian District, Shenzhen,
Guangdong Province, PRC

Our Stock Name and Stock Code

H Shares

Stock Name: CGN Power
Stock Code: HKSE 1816

A Shares

Stock Name: CGN
Stock Code: SZSE 003816

Contact Details

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FEEDBACK FORM

Dear Reader:

Thank you for reading the 2021 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 2021 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!

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| | 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 | | | | | | | | |
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| President’s Review | | | | | | | | |
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| Supervisory Committee Report | | | | | | | | |
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| 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.

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CGN Power

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



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This Annual Report is printed on environmentally friendly paper.