

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

2020 Annual Report

**Guarding
Your Life
with Power**



* For identification purpose only

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This 2020 Annual Report ("Annual Report") is the seventh 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 21, 2015 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 2017)" of China Securities Regulatory Commission (the "CSRC") as published on December 26, 2017.

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 2019 Annual Report of the Company dated April 2, 2020. This Annual Report has been prepared in Chinese and English respectively. In case of discrepancy, the Chinese version shall prevail.

For 2020, 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 2020. For details, please refer to the 2020 Environmental, Social and Governance Report (the "2020 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 core value of “Doing Things Right in One Go”, 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.

2020 Major Events

Units in operation

In 2020, fighting against the pandemic on two fronts, namely preventing pandemic and guaranteeing power supply, the Company had no confirmed case of the novel coronavirus pneumonia epidemic (the “COVID-19” or “pandemic”), and completed its annual production plan well.

Corporate governance

On August 5, 2020, the Company completed the election of Directors and Supervisors of the new session of the board of directors (the “Board” or “Board of Directors”) of the Company and the Supervisory Committee. On the same day, the new session of the Board elected Mr. Yang Changli as the chairman of the Board and appointed Mr. Yin Engang as the joint company secretary and the secretary of the Board, and the new session of the Supervisory Committee elected Mr. Chen Sui as the chairman of the Supervisory Committee.

Units under construction

On October 15, 2020, Huizhou Unit 2^{Note} officially commenced construction.
 On October 19, 2020, Hongyanhe Unit 6 entered the commissioning phase.
 On December 31, 2020, Cangnan Unit 1* officially commenced construction.

Proceeds from H shares

The Company changed the use of the remaining unused proceeds for overseas market development as listed in the Prospectus of the Company with the approval at the 2019 AGM on May 20, 2020 for the construction of Fangchenggang Unit 3 and Unit 4. As of December 31, 2020, all of the above proceeds had been used.

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

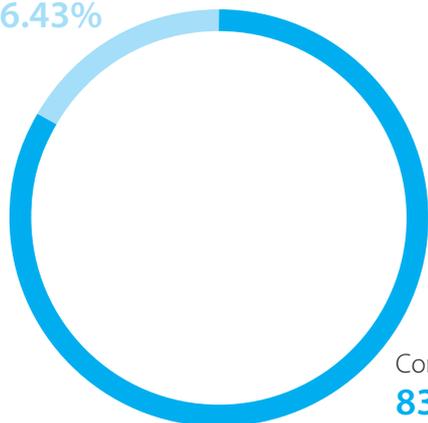
Business at a Glance for the Year

Key Data for 2020

On-grid power generation:

186,487.40_{GWh}

Non-controlling
16.43%



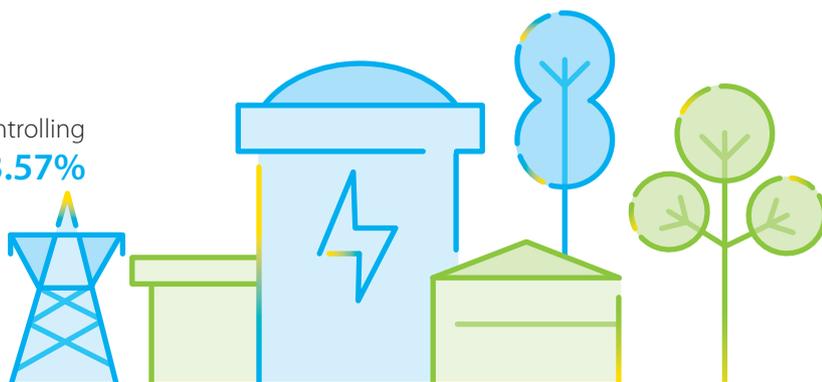
Controlling
83.57%

Emission reduction contribution:

Reduction of standard coal consumption of approximately

15,628 ten thousand tons

of CO₂ emission for on-grid power generation (including our associates) in 2020



Revenue

RMB

70,584.71 million

↑ increasing from
2019 by 15.95%

Dividend

Dividend per Share RMB

0.080 (tax inclusive)



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

RMB

36,055.29 million

↑ increasing
from 2019 by
3.35%



24 generating units in operation

with an installed capital of **27,142 MW**



7 generating units under construction^{Note}

with an installed capital of **8,210 MW**



Note: Including generating units managed by the Company as entrusted by associates of the Company and the controlling shareholder.

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

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

RMB

35,874.84 million

 increasing from
2019 by **4.28%**

Net profit attributable to shareholders of the parent company

RMB

9,562.31 million

 increasing from
2019 by **1.02%**



Net profit attributable to shareholders of the parent company

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

RMB

9,408.26 million

 increasing from
2019 by **3.54%**

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

	2020	Year ended December 31,			
		2019	2018	2017 Restated ^{Note}	2016 Restated ^{Note}
Operating revenue	70,584,710,557.13	60,875,176,254.90	50,827,919,184.43	45,633,453,920.64	33,026,794,633.05
Operating costs	44,419,291,782.18	35,471,460,119.46	28,503,854,609.56	25,185,044,094.56	18,085,009,626.58
Total profit	16,850,121,476.21	16,555,095,116.02	14,899,475,758.39	14,168,259,389.83	9,846,020,543.70
Net profit	14,875,636,682.69	14,785,240,122.64	13,681,677,330.13	12,724,187,560.67	9,119,329,157.26
Net profit attributable to shareholders of the parent company	9,562,307,621.17	9,465,700,355.79	8,702,632,650.82	9,564,092,697.56	7,364,426,999.05
Non-controlling interests	5,313,329,061.52	5,319,539,766.85	4,979,044,679.31	3,160,094,863.11	1,754,902,158.21

Highlights of consolidated balance sheet

	2020	December 31,			
		2019	2018	2017 Restated*	2016 Restated*
Total current assets	63,244,274,437.70	61,923,383,290.30	55,387,916,293.85	55,904,651,132.70	43,640,765,941.51
Total non-current assets	328,654,099,048.03	326,051,851,236.49	313,167,754,066.43	301,395,905,627.54	241,582,275,663.02
Total assets	391,898,373,485.73	387,975,234,526.79	368,555,670,360.28	357,300,556,760.24	285,223,041,604.53
Total current liabilities	77,152,753,519.13	67,017,899,711.71	60,625,091,431.14	60,426,174,675.40	65,128,192,842.15
Total non-current liabilities	173,115,013,708.69	185,663,467,323.62	194,804,928,821.93	195,975,171,862.53	140,067,032,861.98
Total liabilities	250,267,767,227.82	252,681,367,035.33	255,430,020,253.07	256,401,346,537.93	205,195,225,704.13
Total equity attributable to shareholders of the parent company	95,273,274,106.93	89,801,976,064.25	71,114,915,512.70	64,848,470,381.92	55,454,459,497.37
Non-controlling interests	46,357,332,150.98	45,491,891,427.21	42,010,734,594.51	36,050,739,840.39	24,573,356,403.03
Total shareholders' equity	141,630,606,257.91	135,293,867,491.46	113,125,650,107.21	100,899,210,222.31	80,027,815,900.40
Total liabilities and shareholders' equity	391,898,373,485.73	387,975,234,526.79	368,555,670,360.28	357,300,556,760.24	285,223,041,604.53

Note: The Company acquired subsidiaries under common control in 2018. Therefore, the consolidated income statement for 2017 and 2016 and the consolidated balance sheet as at December 31, 2017 and December 31, 2016 of the Company and its subsidiaries (the "Group") were restated.

Major Subsidiaries and Affiliated Companies as at December 31, 2020

- 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 Guangdong Nuclear Power Investment Co., Ltd. (廣東核電投資有限公司) (“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), 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 Ninghe 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) (“SNPRI”)**
SNPRI was established in the PRC on May 13, 1978 and converted into a limited liability company on July 7, 2003. SNPRI 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.

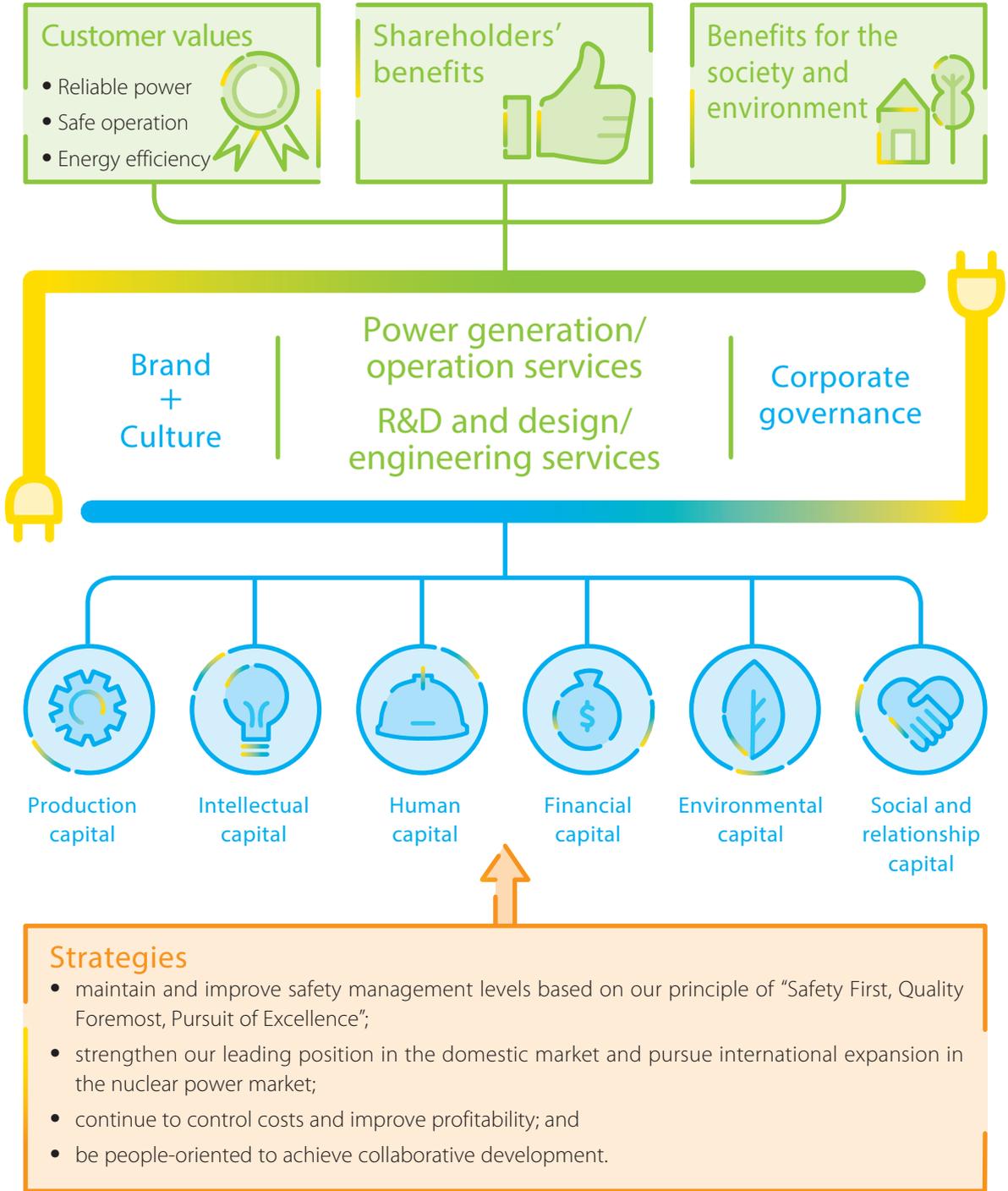
- 12** **87.5%** **Daya Bay Nuclear Power Operations and Management Co., Ltd. (大亞灣核電運營管理有限責任公司) (“DNMC”)**
DNMC is a limited liability company established in the PRC on March 12, 2003 with 87.5% of its equity interests held by GNIC and the remaining 12.5% by CLP Nuclear Power Operations & Management (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.



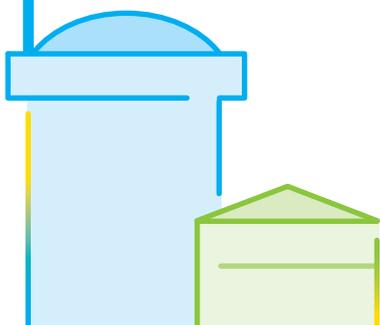
Chairman's Statement

BASED on a
new stage of
development



PURSUING
our new
development
approach

FORGING
our new
development
pattern

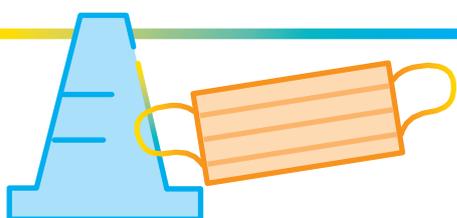


Dear shareholders,

The sudden and rapid outbreak of the COVID-19 dealt a heavy blow to the global economy, and such complex and severe environment at home and abroad made 2020 an extremely unusual year. Under the strong leadership of the country, the Company coordinated and facilitated key tasks such as business development and pandemic prevention and control, and therefore maintained stable operating results. As required by the Board, the Company must accomplish in pandemic prevention and control as well as safe production at the same time. All our employees have been determined to tackling difficulties and challenges. During the hardest times of the pandemic, many of our key personnel stood firm at their posts at the nuclear power bases and could not meet their families for a long time. For the purpose of pandemic prevention and control, many tasks, especially those require support from external suppliers, had to seek innovative solutions. With the concerted efforts of all our employees, and the full support from relevant parties such as our shareholders, customers, business partners and relevant ministries and commissions of the State, the Company achieved safe operation of all units throughout the year, and supplied the society with stable and reliable clean energy, thereby making due corporate contributions to the pandemic prevention and control in the PRC. On behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to all shareholders and our supporters from all walks of life who have led us along the way!

For the year, the Group recorded revenue of approximately RMB70,585 million, representing an increase of 16.0% over 2019, and net profit attributable to shareholders of the parent company of approximately RMB9,562 million, representing an increase of 1.0% over 2019. The Board recommended a payment of a dividend of RMB0.080 (tax inclusive) per share for the year, representing an increase of 5.3% as compared with 2019.

Regarding nuclear power as our principal business, CGN Power has been maintaining stable and sound operation over all these years with an aim to play the long game. We are committed to maintain a reasonable increase in the dividend per share from 2018 to 2020, and such three-year commitment will soon become reality if the aforesaid dividend payment recommendation for 2020 is approved at the general meeting. For the future development of the Company, we are determined and confident to maintain steady operations. The Board has proposed a dividend distribution plan for the coming five years (2021-2025) (the “**Dividend Distribution Plan**”), aiming 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. For the details of the proposed Dividend Distribution Plan, please refer to the “Shareholder Value” section of this Annual Report and the annual general meeting circular to be despatched.



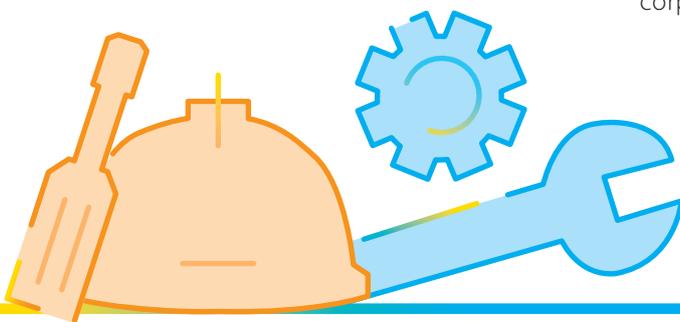
Chairman's Statement



The Proposal of the Communist Party of China Central Committee for Formulating the Fourteenth Five-Year (the “14th Five-Year”, i.e. from 2021 to 2025) Plan for National Economic and Social Development and Vision 2035 《中共中央關於制定國民經濟和社會發展第十四個五年規劃和2035年遠景目標的建議》) was considered and approved at the 5th plenary session of 19th Communist Party of China Central Committee convened in October 2020, which rolled out a grand blueprint for the national development during the “14th Five-Year” period and for longer term. President Xi Jinping proposed at the 75th session of the United Nations General Assembly and the Climate Ambition Summit that “The PRC will adopt more vigorous policies and measures. We aim to achieve CO₂ emissions peak before 2030 and carbon neutrality before 2060” to proclaim such determination of China to the international community. On March 5, 2021, Mr. Li Keqiang, the Premier of the State Council, proposed in the Government Work Report 《政府工作報告》) to promote the development of nuclear power in an orderly manner and on the premise of safety. Nuclear power, as a stable and efficient clean energy source, is the only base load power source that can replace traditional fossil fuels on a large scale. In order to achieve carbon neutrality by 2060 in the PRC, we believe that during the “14th Five-Year” period and for an even longer time, nuclear power will have a more prominent role in energy structure of the PRC.

Following the start of construction of three new domestic nuclear power projects in 2019, another two nuclear power projects were approved by the State in 2020, including the Cangnan Nuclear Power Project owned by our controlling shareholder, CGNPC. The construction of Cangnan Unit 1 has officially commenced at the end of 2020. The progress of approval of new projects has been in line with the national development strategy of steadily advancing nuclear power construction. Going forward, we will get ourselves well prepared to push forward new nuclear power projects to obtain approvals as soon as possible.

In 2020, upon approval at the general meeting, we successfully completed the re-election of the new session of the Board. The new session of the Board has performed its duties for more than half a year, and all Directors have been diligent and responsible in conducting careful research into the Company's business operations, staying informed about the latest changes in domestic and foreign regulatory rules, keeping abreast of the hot topics in capital markets and the concerns of shareholders, making cautious decisions on major issues of the Company's business development, and paying attention to risk prevention and control. The Company's A shares have been listed for more than a year. In accordance with the regulatory rules in both markets, we have further revised the Corporate Governance Code of the Company and other related policies and systems to ensure our strict compliance with the latest regulatory requirements and continue to improve our corporate governance standards.



The Board has attached great importance to environmental, social and governance management (“ESG” management). Going through the weaknesses proposed by international rating agencies in the ESG ratings of the Company, the Company adopted targeted improvement measures and kept track of the results of improvement, and also enhanced ESG information disclosure, which gained understanding and recognition of international rating agencies and ESG investors. During the preparation of the 2020 ESG report, we also engaged an independent third-party agency to verify relevant data so as to guarantee the objectiveness and accuracy of the information provided.

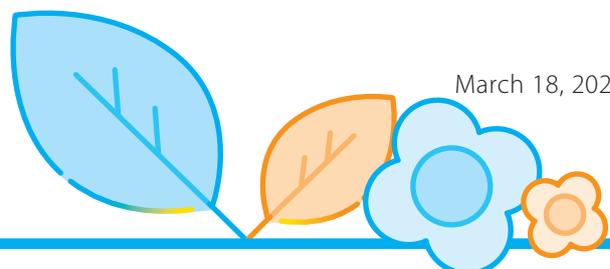
The global outbreak of COVID-19 has led to profound impacts. The world economy may remain sluggish. In view of our development environment with increasing complexity and volatility, and the challenges facing the security guarantee of the industrial chain and supply chain, the pressure on operation and development of the Company may continue to increase. During the “14th Five-Year” period and for an even longer time, we must focus more on quality and efficiency as to our development approach, always regard innovation as the prime impetus of corporate development, attach great importance to forward-looking technological innovation, and conduct in-depth research on the comprehensive utilization of nuclear energy. In order to maintain the sustainable development capabilities of the Company, we have to take the initiative to develop and master new nuclear power technologies. At the same time, we will also attach importance to the promotion of our technological R&D results to external markets, so as to boost our business opportunities to a reasonable extent. With the improvement of the Company’s R&D capabilities, certain R&D products have reached the advanced level of similar products in the market. We will use appropriate methods to make these results create greater values in application.

2020 was the final year of the 13th Five-Year Plan (i.e. from 2016 to 2020). Over the past five years, the total assets, operating revenue and total profit of the Group have increased by approximately 1.8 times, 3.0 times, and 2.0 times, respectively, demonstrating steady growth in operating performance. Our proprietary third-generation nuclear power technology HPR1000 has been applied in three nuclear power bases, further enhancing our industry position and comprehensive strength. We have basically accomplished our goals as planned, which has laid a solid foundation for the development of the Company during the “14th Five-Year” and longer term.

The pandemic is not over. In 2021, the world economy will remain complex and severe, along with unstable and unbalanced recovery. Various derivative risks arising from the brunt of the pandemic are no lightweight, and the challenges we face will be no less than last year. 2021 will also be the first year of the 14th Five-Year Plan. To achieve the Group’s goal for the “14th Five-Year” and in the medium to long run, we are keenly aware of the important responsibility that we shoulder. Facing the future, we will persist in “seeking progress while maintaining stability” by making active responses, taking initiatives in planning, rising to challenges and seizing strategic opportunities arising from the development of the nuclear power industry, so as to strive to make fresh progress of high-quality development, and create greater value for the society, shareholders and employees.

Yang Changli
Chairman

March 18, 2021



President's Review

HIGH-QUALITY DEVELOPMENT

with Stringency,
Prudence, Meticulosity
and Pragmatism



Stringency: being stringent

Prudence: being prudent

Meticulosity: being meticulous

Pragmatism: being pragmatic

In 2020, the COVID-19 brought us a tougher production and operation environment than those in previous years. Supported from the concerted efforts of all employees, we stayed focused with a rigorous and pragmatic attitude, and maintained steady operation of the Company and basically completed our annual operation targets. I will present a summary of the key work and performance of the Company in all areas 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.

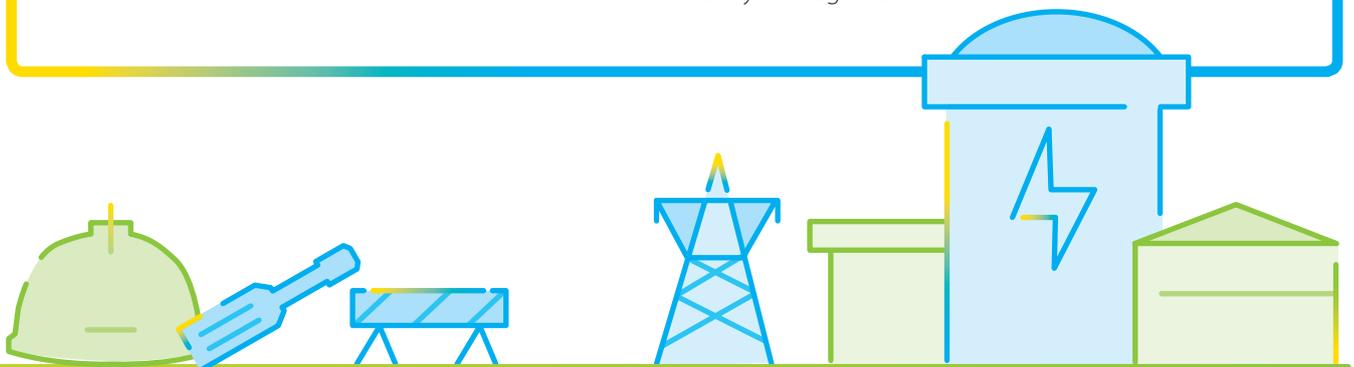
Safety Management

Nuclear safety is the cornerstone of the Company's existence and development, and we make nuclear safety our highest priority. We always adhere to the concept of "Nuclear Safety is Paramount" and the basic principles of "Safety First, Quality Foremost, Pursuit of Excellence".

In 2020, the biggest challenge we faced was the need to ensure safe production while working on pandemic prevention and control. During the Spring Festival, all nuclear power bases in operation had to maintain normal operation to meet the general demand for electricity. During the Spring Festival, we also arranged refueling outages for two units. The outbreak of the pandemic last year coincided with the eve of the Spring Festival. All nuclear power bases quickly formulated pandemic prevention

and control plans, organized the procurement of pandemic prevention supplies and logistical support, and implemented strict control and supervision of personnel at the bases. After the Spring Festival holiday, we arranged for employees to resume work and production in an orderly manner. Even though the pandemic situation began to improve in our country, we still insisted on pursuing pandemic prevention and control as regular measures at every nuclear power base. There was no case of infection among our personnel worked in the nuclear power production area throughout the year, thereby maintaining safe and stable power supply. We also shared the good practice of pandemic prevention and control at the Daya Bay Base Area with our international counterparts through the World Association of Nuclear Operators ("WANO").

In 2020, we valued the demonstration role of our senior management. For example, we published the Chinese version of the Nuclear Leadership published by WANO, and organized related trainings to promote the improvement of nuclear leadership of our key management, so they can lead the team to improve the overall nuclear safety level of the Company. We also implemented a three-year special rectification campaign for production safety, according to which, our Chairman and senior management led inspection teams to carry out special inspections and supervisions on production safety at nuclear power bases to strengthen the Company's execution in safety management.



President's Review



In 2020, our safety management system operated effectively. Throughout the year, no Level 2 or above event under the International Nuclear and Radiological Event Scale (《國際核事件分級表》) (the “INES”) set by the International Atomic Energy Agency (“IAEA”) occurred in the 24 units in operation. The construction of nuclear power projects achieved “zero serious injuries and zero deaths” for seven consecutive years. Yangjiang Unit 3 and Unit 4 won the National Quality Project Gold Award and the National Quality Award for Excellence Projects.

However, safety management is a never-ending journey. At no time does it allow satisfaction or negligence. We must stay alert and guard nuclear safety with a highly responsible attitude towards the country and the society.

Operation Management

In spite of the complex and ever-changing external environment in 2020, we firmly believe that as long as we perform our duty and maintain the safety and stability of the units, we will be able to respond to various changes in the market and provide stable, reliable and economical clean energy for the society.

We managed a total of 24 operating nuclear units, of which all achieved safe and stable operation during the year. We primarily compared our level of nuclear power management with our counterparts based on the rank of performance indicators of WANO. In 2020, 72.6% of the indicators among the 24 operating units of the Company achieved top 1/4 worldwide (advanced level), with 69.8% achieving top 1/10 worldwide (excellent level). In particular, all

12 performance indicators of Ningde Unit 2 achieved top 1/10 worldwide (excellent level). Among the indicators for units participated in the evaluation, “Capacity Factor” best reflects the unit’s operation and maintenance performance. In 2020, the average capacity factor of the 24 nuclear power units in operation of the Company exceeded 92%, achieving worldwide advanced level for three consecutive years.

After the Spring Festival of 2020, in view of the general electricity demand and the operating conditions of the units, we carefully analyzed and actively communicated with power grids to make reasonable adjustments to the outage plan of the units during the year, and increased the time of power generation for the year by more than 80 days. On the premise of safety and quality, we made well-organized plans, for which the 17 refueling outages planned for 2020 have all been successfully completed in January this year.

Due to the pandemic, the electricity consumption in the PRC recorded a year-on-year increase of 3.1% in 2020, and the growth was slower as compared with 2019. The Company’s electricity sales were challenging. In the second quarter of last year, the national economy began to recover, and electricity consumption also picked up steadily. Seizing such opportunities, we strived to gain more planned and market-based power generation through various means, and also strived to improve unit utilization rate. In 2020, we achieved on-grid power generation of 186,487.40 GWh, an increase of 4.2% over 2019. The market-based electricity accounted for approximately 33.5% of the on-grid power generation, similar to that of 2019.



At present, our tariffs are divided into two categories according to the nature of the on-grid electricity, namely the planned on-grid tariffs (the “**Planned Tariffs**”) and the market-based transaction tariffs (the “**Market-based Tariffs**”). In 2020, the Planned Tariffs of operating nuclear power units remained unchanged. As the market-based power transactions in various provinces and regions became mature, the Market-based Tariffs have gradually stabilized. Our integrated tariffs of market-based electricity for the full year remained the same as in 2019.

Construction Project

In 2020, we managed two more nuclear power generating units under construction, namely Huizhou Unit 2 and Cangnan Unit 1, respectively. Both units belonged to CGNPC and were managed by us as entrusted by CGNPC according to the entrusted management agreement. Currently, we have seven nuclear power generating units under construction.

After the Spring Festival, as affected by the pandemic, various projects under construction also faced a certain degree of difficulty for construction personnel to resume work. We strengthened the organization and mobilization of the upstream and downstream along the industrial chain, and realized full resumption of nuclear power projects under construction by the end of March 2020. During the year, all projects under construction made steady progress as planned, and both Hongyanhe Unit 5 and Unit 6 achieved their annual goals successfully.

R&D

We strive to push forward technological innovation, through which the key problems encountered in projects and production can be solved. For example, we pursued construction technology innovation in the construction of the Huizhou project and shortened the construction period of critical path by approximately two months; as to the refuelling outages for the generating units, we applied laser technology to assist in the inspection and maintenance of the steam turbine, saving 37.5 hours of the refuelling outage period.

In 2020, the number of patents we have applied for reached 1,207, of which 789 obtained patent authorization, consolidating the foundation for the Company’s innovation. The introduction and application of these scientific research results are explained in detail in the “Intellectual Capital” section of this Annual Report and our 2020 ESG Report.

“Tightening our Belts” Action

We continued to reduce various costs and expenses of the Company through lean management. In 2020, we put forward the action request of “tightening our belts” to all employees in order to achieve the Company’s business goals. Under the premise of ensuring safe production, the Company strictly controlled various non-essential and non-urgent expenses, with work including staff travel, meetings and training to be conducted online as much as possible. We carefully planned to complete the conversion of the loan prime rate (“LPR”) of existing long-term loans ahead of schedule, reducing annual financial expenses by approximately RMB200 million.





Future Outlook

The impact of the pandemic on the domestic and foreign economies continues, and the Company still faces a great number of uncertainties in its future development and operation in 2021. According to the China Electricity Council (the "CEC") forecast, power consumption will demonstrate a high start followed by a downward trend in 2021, and the electricity consumption in the PRC is expected to be increased by 6% to 7%. We will continue to strengthen safety and quality management, ensure stable operation of all nuclear power units in operation, and focus on cultivating excellent operational capabilities. We will also constantly strengthen the training for power market sales personnel and market trading skills, which will help us seize opportunities in the increasingly sophisticated and complex power market trading activities and strive for the best interests for the Company. The "full load power generation with favourable tariff" model for the Company's nuclear power units in Guangdong province ended in 2020. After communication and negotiation with relevant government departments, Guangdong's nuclear power units will gradually participate in market-based transactions commencing from 2021. To be specific, a total of 2,000 GWh of nuclear power will participate in market power transactions through a long-term agreement (one-year period) during the year. At present, the relevant sales agreements of electricity have been signed.

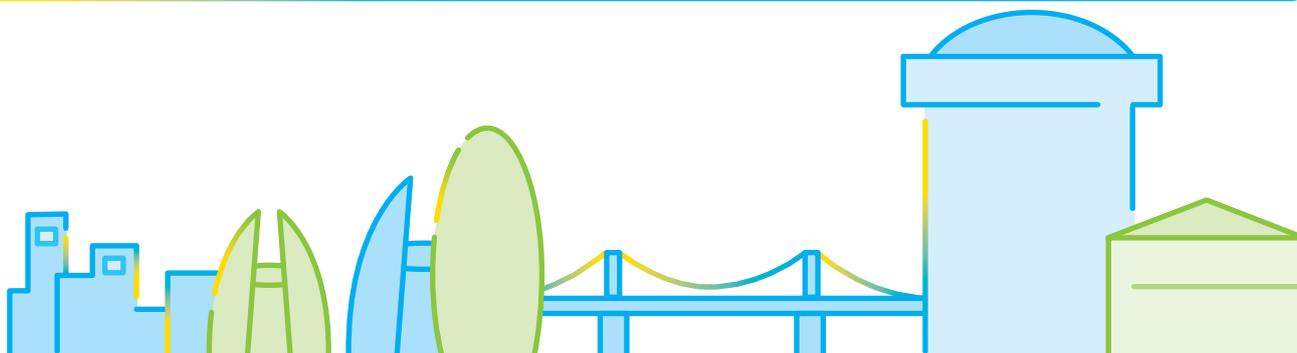
As planned, Hongyanhe Unit 5, which is currently in the final commissioning phase, will commence commercial operation in 2021. We will make every effort to ensure the operation commencement of the new generating units with high quality. Meanwhile, we will also continue to implement lean management, carry out "tightening our belts" action on a continued basis, strictly control the construction cost of nuclear power projects, and constantly optimize nuclear power operation and maintenance costs. In addition, we will also increase investment in R&D of new technologies, make every effort to improve the level of independent innovation, and actively explore the transformation and application of R&D results, so as to create more revenue for the Company.

In the future, we shall join hands with all partners to put the work style focusing on "Stringency, Prudence, Meticulosity and Pragmatism" into practice, continue to promote the high quality development of the Company, and make new contributions in the first year of the PRC's "14th Five-Year Plan"!

Gao Ligang

President

March 18, 2021



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, 2020, CGN Power had 302,572 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, 2019 was RMB0.076 (tax inclusive) per share and the Company completed the distribution by July 10, 2020.

The Board has proposed to declare a final cash dividend of RMB0.080 (tax inclusive) per share for the year from January 1, 2020 to December 31, 2020 to our shareholders as of 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 42.25%. All dividend in 2020 will be distributed after being approved by our shareholders at the 2020 annual general meeting of the Company and is expected to be distributed on around July 8, 2021.

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. In the 2018 interim report, the Company proposed to achieve the target of maintaining a reasonable increase in dividend for each of the three financial years of 2018, 2019 and 2020 based on the annual dividend per share for 2017, in the premise of no major changes in the business environment. Based on the actual dividend distribution, the Company achieved the above target with growth in dividend per share not less than 5% in 2018, 2019 and 2020 (subject to the approval at the 2020 annual general meeting).

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. In 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 for the coming five years (2021- 2025) (subject to the approval at the 2020 annual general meeting) based on the dividend ratio in 2020.

Shareholder Value

Growth in dividend per share from 2018 to 2020

Year	Dividend per share (Unit: RMB (tax inclusive))	Annual growth in dividend per share
2018	0.072	5.88%
2019	0.076	5.56%
2020	0.080	5.26%

Dividend distribution per year since the listing

Year	Dividend per share (Unit: RMB (tax inclusive))	Total dividends (Unit: RMB million)	Dividend distribution ratio
2014 ⁽¹⁾	0.0025	113.62	–
2015 ⁽²⁾	0.042	1,908.81	28.71%
2016 ⁽²⁾	0.051	2,317.85	31.47%
2017 ⁽²⁾	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%

Notes:

- (1) The final dividend from December 10, 2014 (i.e. the listing date of H shares of the Company) to the year ended December 31, 2014 was RMB0.0025 (tax inclusive) per share.
- (2) The Company acquired a subsidiary under common control in 2018. Consequently, the Group restated the Consolidated Income Statements for the years of 2017 and 2016 as well as the Consolidated Balance Sheets as at December 31, 2017 and December 31, 2016. The Company acquired a subsidiary under common control in 2016. Consequently, the Group restated the Consolidated Income Statement for the year of 2015 as well as the Consolidated Balance Sheet as at December 31, 2015.

Shareholders' Diary 2021

January

- Announcement of 2020 fourth quarter operation briefings
- 2020 fourth quarter operation teleconference

October

- Announcement of 2021 third quarter operation briefings
- Announcement of 2021 A share third quarterly report
- 2021 third quarter operation teleconference

August

- Announcement of 2021 A share interim report and H share interim results announcement
- Announcement of 2021 H shares interim report
- 2021 interim results promotion

- Announcement of 2021 second quarter operation briefings
- 2021 second quarter operation teleconference
- Distribution of 2020 final dividend

July

March

- Announcement of 2020 A share annual report and H share annual results announcement
- 2020 annual results promotion
- Publication of 2020 ESG Report

April

- Publication of 2020 H share annual report
- Announcement of 2021 first quarter operation briefings
- Announcement of 2021 A share first quarterly report
- 2021 first quarter operation teleconference

May

- 2020 annual general meeting

Note: Any changes to the above dates will be announced on the website of the Company.



Finance, Assets and Investment

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27 Assets and Investment



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

Financial Performance and Analysis

Key Financial Indicators

Item	2020	2019
Indicators of profitability		
EBITDA margin (%) ⁽¹⁾	51.1	57.2
Net profit margin (%) ⁽²⁾	21.1	24.3
Indicators of investment returns		
Return on equity (excluding non-controlling interests) (%) ⁽³⁾	10.3	11.8
Return on total assets (%) ⁽⁴⁾	6.4	6.5
Indicators of solvency		
Asset-liability ratio (%) ⁽⁵⁾	63.9	65.1
Debt to equity ratio (%) ⁽⁶⁾	138.0	143.0
Interest coverage ⁽⁷⁾	2.7	2.5

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 less cash and cash equivalents and 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,			
	2020 RMB' 000	2019 RMB' 000	Fluctuations increase/ (decrease) RMB' 000	Percentage change increase/ (decrease) %
Operating revenue	70,584,710.56	60,875,176.25	9,709,534.31	15.9
Operating costs	44,419,291.78	35,471,460.12	8,947,831.66	25.2
Finance costs ⁽¹⁾	7,827,745.09	7,697,736.38	130,008.71	1.7
Other gains ⁽²⁾	2,248,487.82	2,405,291.54	(156,803.72)	(6.5)
Investment income ⁽³⁾	1,143,576.44	1,307,058.21	(163,481.77)	(12.5)
Including: Income from investment in associates and joint ventures	1,119,833.34	1,096,412.69	23,420.65	2.1
Non-recurring gains or losses ⁽⁴⁾	180,450.82	479,913.09	(299,462.27)	(62.4)
Net profit attributable to shareholders of the parent company	9,562,307.62	9,465,700.36	96,607.26	1.0
Net profit attributable to shareholders of the parent company (excluding the effects of non-recurring gains or losses)	9,408,261.51	9,086,300.83	321,960.68	3.5

Notes:

- (1) The increase in finance costs was primarily due to the fact that we ceased to capitalize interest expenses and included such expenses in finance costs as a result of the commencement of commercial operation of Yangjiang Unit 6 and Taishan Unit 2 in July 2019 and September 2019, respectively on the one hand; finance costs of other companies declined in 2020 on the other hand. Finance costs increased by 1.7% as compared with 2019 as a result of the combined effects of the above two factors.
- (2) The decrease in other gains was primarily due to the reduction in VAT refunds received and gains from government grants.
- (3) The decrease in investment income was primarily due to the gains of RMB143.1 million from the disposal of Shanghai Engineering Science & Technology Co., Ltd (上海中廣核工程科技有限公司) ("Shanghai Company"), being our subsidiary, by CGN Engineering in 2019.
- (4) The decrease in non-recurring gains or losses was primarily due to the gains of RMB143.1 million from the disposal of Shanghai Company, being our subsidiary, by CGN Engineering in 2019, and the decrease in government grants received in 2020 as compared with the corresponding period of previous year.

Financial Performance and Analysis

Revenue from Operations

	For the year ended December 31,			
	2020 RMB' 000	2019 RMB' 000	Fluctuations increase/ (decrease) RMB' 000	Percentage change increase/ (decrease) %
Revenue from principal business operations	70,156,726.73	60,589,245.47	9,567,481.26	15.8
Including: Sales of electricity ⁽¹⁾	55,511,979.06	52,783,020.38	2,728,958.68	5.2
Construction, installation and design services ⁽²⁾	12,776,551.42	6,163,681.03	6,612,870.39	107.3
Revenue from other business operations	427,983.83	285,930.79	142,053.04	49.7
Total revenue from business operations	70,584,710.56	60,875,176.26	9,709,534.30	15.9

Notes:

- (1) The increase in revenue from sales of electricity was primarily due to the increase of the on-grid power generation after the commencement of commercial operation of Yangjiang Unit 6 and Taishan Unit 2 in July 2019 and September 2019, respectively.
- (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,			
	2020 RMB' 000	2019 RMB' 000	Fluctuations increase/ (decrease) RMB' 000	Percentage change increase/ (decrease) %
Cost of principal business operations	44,023,799.74	35,185,491.66	8,838,308.08	25.1
Including: Cost of sales of electricity	29,950,692.95	27,743,385.67	2,207,307.28	8.0
Of which: Cost of nuclear fuel ⁽¹⁾	7,894,369.46	8,062,452.58	(168,083.12)	(2.1)
Depreciation of fixed assets ⁽²⁾	9,680,802.36	9,284,137.38	396,664.98	4.3
Provision for spent fuel management ⁽³⁾	2,019,610.28	1,666,053.67	353,556.61	21.2
Construction, installation and design services ⁽⁴⁾	12,640,665.61	6,144,634.38	6,496,031.23	105.7
Other costs of business operations	395,492.04	285,968.46	109,523.58	38.3
Total cost of operations	44,419,291.78	35,471,460.12	8,947,831.66	25.2

Notes:

- (1) The decrease in cost of nuclear fuel was primarily due to the change in the amortized cost of nuclear fuel due to the refuelling cost and differences in the arrangement of outages.
- (2) The increase in depreciation of fixed assets was primarily due to the commencement of commercial operation of Yangjiang Unit 6 and Taishan Unit 2 in July 2019 and September 2019, respectively.
- (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 2 and Ningde Unit 3 had commenced commercial operation for five years in 2020.
- (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, 2020 RMB' 000	December 31, 2019 RMB' 000	Fluctuations increase/ (decrease) RMB' 000	Percentage change increase/ (decrease) %
Bank and other borrowings ⁽¹⁾	207,445,359.37	213,002,332.39	(5,556,973.02)	(2.6)
Receivables ⁽²⁾	32,575,080.85	20,918,941.30	11,656,139.55	55.7
Payables ⁽³⁾	30,888,979.94	27,962,902.55	2,926,077.39	10.5
Inventories ⁽⁴⁾	15,020,730.52	18,370,637.24	(3,349,906.72)	(18.2)
Fixed assets and intangible assets ⁽⁵⁾	253,502,735.55	261,891,721.74	(8,388,986.19)	(3.2)

Notes:

- (1) Bank and other borrowings comprise short-term loans, long-term loans, bonds payable, and long-term loans and bonds payable due within one year.
- (2) Receivables comprise bills receivable, accounts receivable, accounts receivable financing, prepayments, contract assets and other receivables. The increase in receivables was primarily due to the change in the procurement of nuclear fuel from the commissioned processing method to the procurement of components. Payments made before the arrival of nuclear fuel components are included in prepayment, resulting in a significant increase in prepayments, as well as the increase in CGN Engineering's accounts receivable for CGNPC's wind power business.
- (3) Payables comprise bills payable, accounts payable, receipts in advance, contract liabilities and other payables. The increase in payables was primarily due to the increase in contract liabilities of CGNPC's wind power business of CGN Engineering.
- (4) The decrease in inventories was mainly due to the change in the procurement of nuclear fuel from the commissioned processing method to the procurement of components. The amount paid before the arrival of nuclear fuel components was included in prepayments, resulting in a significant reduction in the amount included in inventories.
- (5) The main reason for the decrease in fixed assets and intangible assets was the decrease in asset value caused by provision for depreciation and amortization.

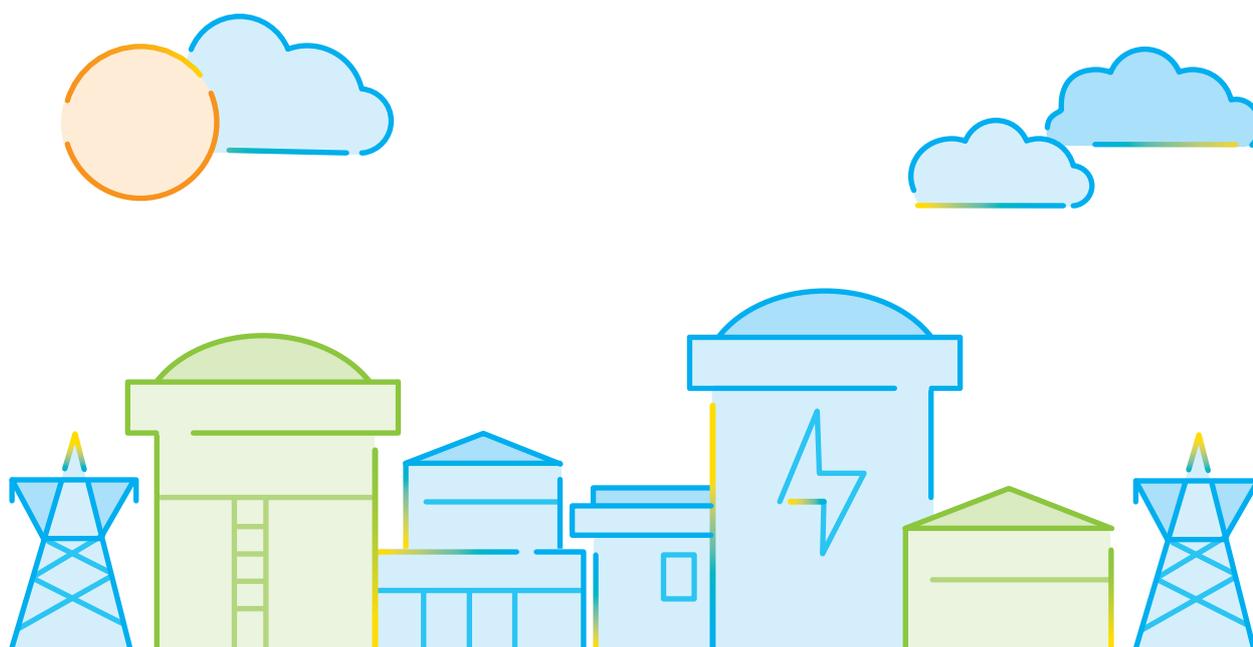
Financial Performance and Analysis

Analysis of Cash Usage

Further
improvement
in cash flow

In 2020, 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 flows from operating activities slightly decreased as compared with 2019 mainly due to the increase in the cash paid for procurement of nuclear fuel components and CGN Engineering's accounts receivable for CGNPC's wind power business. Net cash outflows from investment activities decreased drastically as compared with 2019, mainly due to the decrease in the cash paid for the acquisition of fixed assets as compared with 2019 as a result of the successive commencement of commercial operation of Yangjiang Unit 6 and Taishan Unit 2. The net cash outflows from financing activities increased as compared with 2019, mainly due to inflows of proceeds from the A share offering of the Company in 2019.

	For the year ended December 31,			Percentage change increase/ (decrease) %
	2020 RMB' 000	2019 RMB' 000	Fluctuations increase/ (decrease) RMB' 000	
Net cash flows from operating activities	30,154,840.52	30,598,898.95	(444,058.43)	(1.5)
Net cash flows from investment activities	11,759,174.38	14,636,838.25	(2,877,663.87)	(19.7)
Net cash flows from financing activities	24,366,903.64	12,823,306.93	11,543,596.71	90.0



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, 2020.

INVESTMENT IN FIXED ASSETS

For the year ended December 31, 2020, the Group's investment in fixed assets amounted to approximately RMB10,857.0 million, representing a decrease of RMB11,040.4 million or 50.4% from RMB21,897.4 million in 2019, mainly due to the commencement of commercial operation of Yangjiang Unit 6 and Taishan Unit 2 in 2019, resulting in decreased investment in fixed assets.

MAJOR INVESTMENTS IN EQUITY

For the year ended December 31, 2020, the Group increased its capital investment in associates by RMB456.5 million, which was mainly attributable to the amounts of RMB356.2 million, RMB38.5 million, RMB37.7 million and RMB24.0 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 China Nuclear Industry Second and Third Construction Co., Ltd. (中國核工業二三建設有限公司), respectively.

MAJOR ACQUISITION AND DISPOSAL

The Group had no material acquisition or disposal for the year ended December 31, 2020.

USE OF PROCEEDS

Use of proceeds from the A share offering

As of December 31, 2019, the Company issued RMB ordinary shares on the SZSE in August 2019 through the initial public offering, all net proceeds of which had been used.

Assets and Investment

Use of proceeds from the H share offering

As of December 31, 2020, all proceeds from the H share global offering of the Company in December 2014 had been used. In 2020, in order to improve the utilization efficiency of the proceeds from the H share offering and reduce the proceeds precipitation, the Company changed the use of the remaining unused proceeds from the H share offering by obtaining the approval at the 2019 annual general meeting on May 20, 2020, and the proceeds for overseas market development as listed in the prospectus of the Company, that is, the unused proceeds of about RMB966.74 million, had been changed for the construction of Fangchenggang Unit 3 and Unit 4, and the interest and exchange income thereby generated has also been used for the construction of Fangchenggang Unit 3 and Unit 4. As at December 31, 2020, the remaining net proceeds unused and the interest and exchange income thereby generated an aggregate amount of RMB1,155.48 million, which had been used before the end of 2020.

Unit: RMB' 000

	Cumulative amount	
	As at December 31, 2020	As at December 31, 2019
Net proceeds from the listing	21,603,535	21,603,535
Less: Proceeds used	21,603,535	20,636,796
Among which:		
Acquisition of 60% of the equity interest in Taishan Investment and 12.5% of the equity interest in Taishan Nuclear	9,700,196	9,700,196
Capital expenditure for NPPs under construction	8,714,300	8,714,300
Research and development activities	888,900	888,900
Replenishment of working capital	1,333,400	1,333,400
Construction of Fangchenggang Unit 3 and Unit 4 (as approved at the 2019 annual general meeting)	966,739	0
Proceeds unused	0	966,739

Contingencies

External Guarantees

The Group confirmed that, for the year ended December 31, 2020, the Group had not provided any external guarantee.

Assets with Restricted Ownership

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, 2019, the carrying value of the Group's assets pledged to banks or with restricted ownership due to other reasons was approximately RMB20,072.6 million.

As of December 31, 2020 and December 31, 2019, 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.

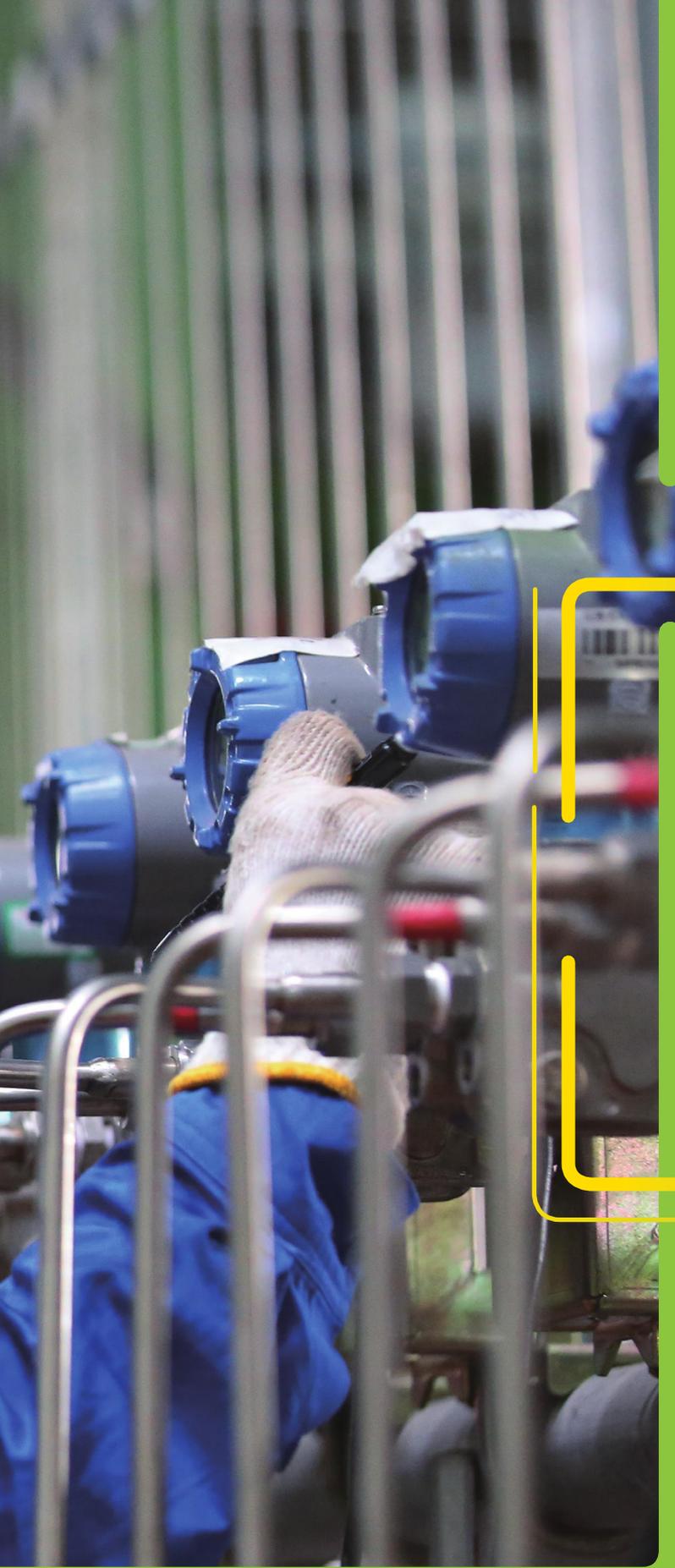
Legal Proceedings

The Group confirmed that, for the year ended December 31, 2020, 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 research, development and innovation of technologies, and fund the acquisitions of contingent assets in 2021. In addition, the Company will also carry out relevant investment activities at appropriate time by exercising its rights to acquire retained businesses as set out in the non-competition deed entered into with CGNPC and relevant undertakings entered into before the listing of A shares of the Company, thereby laying a solid foundation for the Company's future development.





Business Performance and Outlook

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Industry Overview

Proactive and orderly development

On September 22, 2020, President Xi Jinping proposed at the 75th session of the United Nations General Assembly that “China will scale up its Intended Nationally Determined Contributions by adopting more vigorous policies and measures. We aim to achieve CO₂ emissions peak before 2030 and carbon neutrality before 2060”, further accelerating the progress of energy production and consumption revolutions. At the fourth session of the 13th National People’s Congress held on March 5, 2021, the Government Work Report 《政府工作報告》 pointed out that the government will “take solid steps toward the goals of achieving peak carbon dioxide emissions and carbon neutrality” and “take active and well-ordered steps to develop nuclear energy on the basis of ensuring its safe use”. We believe that in the 14th five-year of the national economic and social development and in the medium to long run, nuclear power, as a clean, stable and efficient energy source, will have a more specific position and a more prominent role in the energy structure of the PRC. The State Council approved Zhejiang San’ao NPP Phase I (i.e. Cangnan Nuclear Power Project) and Hainan Changjiang NPP Phase II for the construction of two HPR1000 nuclear power generating units for each of the projects on September 2, 2020. The national policy on developing nuclear power in the medium and long run remains unchanged. The development of the nuclear power industry is still and will be in a strategic opportunity period.

Broad prospects

On June 16, 2020, the China Nuclear Energy Association published the Report on the Development of China’s Nuclear Energy 2020 《中國核能發展報告(2020)》. In the report, it is estimated that the installed nuclear power capacity in operation and under construction of the PRC will reach 70 GW and 30 GW by 2025, respectively, and the total installed nuclear power capacity in operation and under construction will reach 200 GW by 2035. It is expected that nuclear power construction will make steady progress of having six to eight new generating units each year. In addition, according to the report, in view of the rapid development of clean energy such as wind and photovoltaics, stable base load power sources are required to complement such development. Nuclear power is a base load power source that can replace traditional fossil fuels on a large scale and can complement and synergize with clean energy such as wind and photovoltaics. According to the statistics from the 2020 National Power Industry Statistics Overview 《2020年全國電力工業統計快報》 issued by the CEC, as of December 31, 2020, the installed capacity of nuclear power generating units in operation was 49.89 GW in the PRC (excluding Taiwan region), accounting for 2.3% of the installed capacity of power generation for the whole country. The proportion of nuclear power remains small in our national energy structure. We believe that the scope for development and the market prospects of the domestic nuclear power development are still broad.

In the beginning of 2020, the sudden COVID-19 outbreak dealt a heavy blow on the PRC’s economic and social development. With the effective decision and deployment with respect to pandemic prevention and control in the PRC, the national economy continued to improve steadily, and the order of production and life restored steadily as well. According to the statistics from the CEC, in 2020, the electricity consumption in the PRC increased by 3.1% over the corresponding period of previous year. The balance between supply and demand of the power supply in the PRC changed from loose in general to balance in general. The national average utilization hours of power generating units were 3,758 hours, representing a year-on-year decrease of 70 hours. The national average utilization hours of nuclear power were 7,453 hours, representing a year-on-year increase of 59 hours.

	Ratio of installed capacity by type of energy (%)		Ratio of generation capacity by type of energy (%)		Average utilization hours (hours)	
	2020	2019	2020	2019	2020	2019
	Nuclear power	2.3	2.4	4.8	4.8	7,453
Thermal power	56.6	59.2	67.9	68.9	4,216	4,307
Hydropower	16.8	17.7	17.8	17.8	3,827	3,697
Wind power	12.8	10.4	6.1	5.5	2,073	2,083
Solar power	11.5	10.2	3.4	3.1	1,281	1,291

Note: Data from the 2020 National Power Industry Statistics Overview 《2020年全国电力工业统计快报》 of the CEC.

In 2020, According to statistics of the CEC, the share of electricity traded in the market accounted for 42.2% of national power generation in 2020, representing an increase of three percentage points as compared with 2019.

As of the end of 2020, we managed 24 nuclear power generating units in operation and seven nuclear power generating units under construction (including three units under construction which were entrusted to us by our controlling shareholder for management). In 2020, a total of two new nuclear power generating units of our controlling shareholder were approved, namely Cangnan Unit 1 and Cangnan Unit 2.

As of December 31, 2020, the number and capacity of nuclear power generating units in operation and nuclear power generating units under construction are as follows:

		As at December 31, 2020	As at December 31, 2019	Growth rate
Nuclear power generating units in operation	Number	24	24	0.00%
	Capacity	27,142MW	27,142MW	0.00%
Nuclear power generating units under construction	Number	4	4	0.00%
	Capacity	4,598MW	4,598MW	0.00%
Nuclear power generating unit under construction which was entrusted to the Company by the controlling shareholder of the Company for management	Number	3	1	200.00%
	Capacity	3,612MW	1,202MW	200.50%

We will introduce and analyse the Company's business performance in 2020 in five aspects, namely safety management, nuclear power generating units in operation, nuclear power generating units under construction, sales of electricity, CSS management (standardisation, centralisation 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 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.

In 2020, in the face of the sudden COVID-19 outbreak, we strictly put the pandemic prevention and control measures in place by adhering to the principle of unified command, coordination and dispatch, and fighting against the pandemic on "preventing pandemic and guaranteeing power supply". We established four lines of defense comprising personnel management, working area, production activities and support with supplies, to ensure the personal safety of employees and the safe and stable operation of our generating units, as well as the power supply guarantee for pandemic prevention and control, production and living. We were also invited to join the global NPP medical expert working team organized by the WANO to share our sound practices on pandemic prevention for the NPPs worldwide.

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", "Observing Nuclear Safety from Compliance with Procedures", "Nuclear Safety and Leadership" and "Precautionary Education on Nuclear Safety" so as to enhance the nuclear safety culture awareness among all employees. In April 2020, we initiated the safety management leadership conference for the fifth consecutive year, which focused on "maintaining nuclear safety", aiming at continuous improvement in the Company's safety management with the spirit of perseverance and building a foundation for development in the new era. In order to further strengthen the implementation and performance of safety management actions, we implemented for the first time a special inspection and supervision mechanism for safety management led by senior management in every nuclear power base from May to June 2020, which enabled the Company to reinforce accountability at all levels and strengthen execution in safety management. In August 2020, we conducted another round of inspection and supervision of the previous safety management special inspection and improvement, as well as the safety production level of nuclear power bases, aiming to supervise nuclear power bases in achieving higher safety level.

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 emergent scenarios and ensured effective operation of safety management system so as to promote the further enhancement of the Company's safety management level.

According to the INES, the NPPs we operated and managed have maintained our good safety record of no nuclear incident at level 2^{note} or above in 2020.

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 without safety significance are classified as "below scale/Level 0".

For other related activities of safety management, please refer to the 2020 ESG Report of the Company.

Nuclear Power Generating Units in Operation

Safe and stable operation of power generating units is the foundation of nuclear power enterprises. In 2020, all nuclear power generating units in operation managed by us maintained safe and stable operation, with a total annual on-grid power generation of 186,487.40 GWh, representing an increase of 4.20% as compared with 2019.

Name of NPP	On-grid power generation from January to December 2020 (GWh)	On-grid power generation from January to December 2019 (GWh)	Change rate for the corresponding period (%)
<i>From subsidiaries</i>			
Daya Bay NPP	15,873.55	15,475.75	2.57
Ling'ao NPP	14,563.80	14,381.73	1.27
Lingdong NPP	14,876.95	15,487.12	-3.94
Yangjiang NPP	42,492.75	41,287.06	2.92
Fangchenggang NPP	15,820.20	16,119.45	-1.86
Ningde NPP	30,638.57	29,277.45	4.65
Taishan NPP	21,572.60	16,177.65	33.35
Subsidiaries, total	155,838.42	148,206.20	5.15
<i>From associates</i>			
Hongyanhe NPP	30,648.98	30,763.53	-0.37
Subsidiaries and associates, total	186,487.40	178,969.73	4.20

Daya Bay NPP: It completed a refuelling outage for Unit 2 in 2020, and completed refuelling outages for two units in 2019. In particular, the duration of the refuelling outage for Unit 2 in 2020 was longer as compared with 2019.

Ling'ao NPP: It completed a refuelling outage for Unit 1 in 2020, and completed refuelling outages for two units in 2019. In particular, the duration of the refuelling outage for Unit 2 in 2020 was basically the same as compared with 2019.

Lingdong NPP: It completed refuelling outages for two units in 2020, and completed a refuelling outage for Unit 2 in 2019. In particular, the duration of the refuelling outage for Unit 2 in 2020 was shorter as compared with 2019.

Business Performance and Analysis

Yangjiang NPP: It completed refuelling outages for Unit 2, Unit 3 and Unit 6 in 2020 and commenced a refueling outage carried over to the following year for Unit 5 at the end of 2020, and completed refuelling outages for Unit 1, Unit 2, Unit 4 and Unit 5 in 2019. In particular, the duration of the refuelling outage for Unit 2 in 2020 was basically the same as compared with 2019; Unit 5 completed a refuelling outage carried over to the following year in 2020, and completed the initial outage after commencement of operation in 2019 which had longer duration, being similar to that of a ten-year outage. Duration of the refuelling outage in 2020 was shorter as compared with 2019; Unit 6 commenced commercial operation on July 24, 2019, and completed the initial outage after commencement of operation in 2020 which had longer duration, being similar to that of a ten-year outage.

Fangchenggang NPP: It completed refuelling outages for two units in 2020, and completed a refuelling outage for Unit 2 in 2019. In particular, the duration of the refuelling outage for Unit 2 in 2020 was basically the same as compared with 2019.

Ningde NPP: It completed refuelling outages for Unit 1 and Unit 4 in 2020 and commenced a refueling outage carried over to the following year for Unit 3 at the end of 2020, and completed refuelling outages for Unit 2, Unit 3 and Unit 4 in 2019 and the refueling outage carried over to the following year for Unit 1 commenced at the end of 2018. Duration of refuelling outages in 2020 was shorter as compared with 2019. In particular, the duration of the refuelling outage for Unit 1 in 2020 was longer as compared with 2019; the duration of the refuelling outage for Unit 3 in 2020 was shorter as compared with 2019; and the duration of the refuelling outage for Unit 4 in 2020 was basically the same as compared with 2019.

Taishan NPP: It completed the initial outage for Unit 1 after commencement of operation in 2020 which had longer duration, being similar to that of a ten-year outage. Unit 2 commenced commercial operation on September 7, 2019.

Hongyanhe NPP: It completed refuelling outages for Unit 1, Unit 2 and Unit 4 in 2020, and completed refuelling outages for 4 units in 2019. In particular, the duration of the refuelling outages for Unit 1, Unit 2 and Unit 4 in 2020 was basically the same as compared with 2019; and Unit 3 did not arrange for a refuelling outage in 2020, and completed two refuelling outages in 2019.

Operation Performance

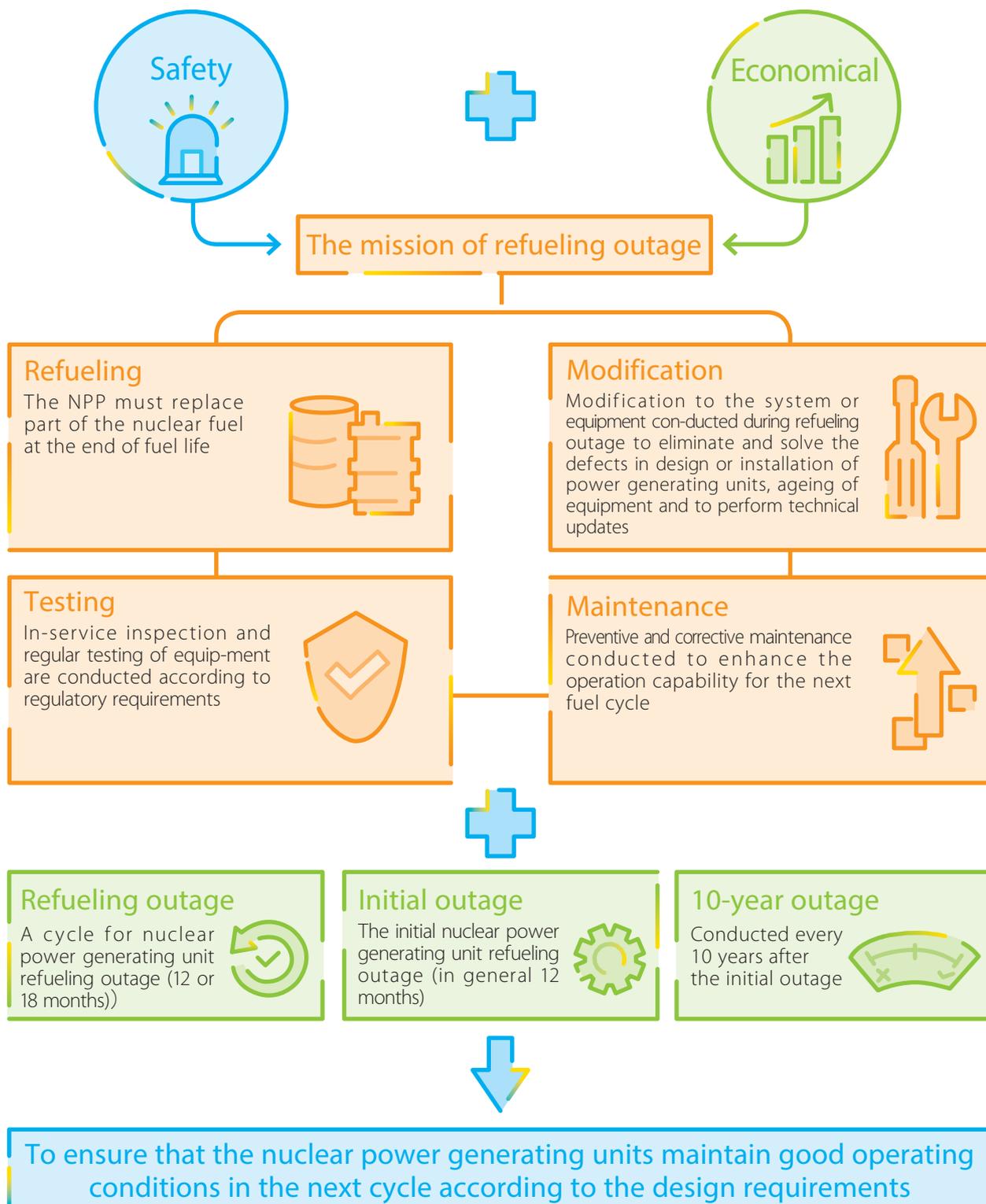
Capacity factor, load factor and utilization hours are the three indicators normally used by us to evaluate the utilization of nuclear power generating units. They are mainly affected by the effects of refuelling outages for the generating units. According to the arrangements of the annual outage plan,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

In 2020, we had 24 nuclear power generating units in operation, with an average capacity factor of 92.03%, an average load factor of 83.75% and average utilization hours of 7,309 hours, as compared with 92.42%, 86.15% and 7,507 hours of the 24 nuclear power generating units in operation in 2019. The details of the operation performance of generating units we operated and managed in 2020 are as follows:

Nuclear Power Generating Unit	Capacity factor (%)		Load factor (%)		Utilization hours (hours)	
	2020	2019	2020	2019	2020	2019
<i>From subsidiaries</i>						
Daya Bay Unit 1	99.99	92.94	101.64	94.36	8,930	8,267
Daya Bay Unit 2	89.21	92.35	90.41	93.52	7,944	8,194
Ling'ao Unit 1	99.99	95.04	90.71	90.62	7,965	7,936
Ling'ao Unit 2	89.17	87.12	84.18	82.70	7,393	7,242
Lingdong Unit 1	90.71	99.98	84.22	93.22	7,392	8,159
Lingdong Unit 2	92.77	89.29	81.86	80.11	7,184	7,011
Yangjiang Unit 1	98.50	89.23	90.85	88.27	7,980	7,813
Yangjiang Unit 2	85.96	90.24	72.91	83.78	6,404	7,337
Yangjiang Unit 3	85.51	99.99	73.72	96.37	6,476	8,442
Yangjiang Unit 4	96.18	91.72	89.02	78.73	7,820	6,798
Yangjiang Unit 5	92.64	82.10	81.89	75.08	7,194	6,574
Yangjiang Unit 6	81.82	95.99	66.56	91.33	5,846	8,001
Fangchenggang Unit 1	91.20	99.29	88.42	95.85	7,767	8,397
Fangchenggang Unit 2	91.98	92.14	88.08	84.46	7,737	7,398
Ningde Unit 1	91.39	97.54	83.22	89.90	7,310	7,876
Ningde Unit 2	99.99	91.13	90.32	74.22	7,934	6,502
Ningde Unit 3	96.73	91.62	87.39	83.01	7,676	7,271
Ningde Unit 4	91.22	90.92	81.46	81.65	7,156	7,152
Taishan Unit 1	71.56	90.88	63.52	83.28	5,580	7,296
Taishan Unit 2	97.71	99.99	86.87	93.11	7,631	8,156
<i>From associates</i>						
Hongyanhe Unit 1	91.09	90.30	85.89	87.78	7,544	7,689
Hongyanhe Unit 2	90.88	91.57	84.53	87.66	7,425	7,679
Hongyanhe Unit 3	99.78	84.75	75.63	81.35	6,643	7,127
Hongyanhe Unit 4	92.74	92.02	86.71	77.17	7,617	6,760
<i>From subsidiaries and associates</i>						
Average	92.03	92.42	83.75	86.15	7,309	7,507

Business Performance and Analysis

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. The designed refuelling intervals of Hongyanhe Unit 3 and Unit 4 are 12 months, while the designed refuelling intervals for other nuclear power generating units are 18 months.



Considering the economic factors and arrangements for related works, refuelling outages intervals of nuclear power generating units are not fixed to every 12 to 18 months. In order to ensure the safe operation of the generating units, we usually take local power load fluctuations into account and communicate with local power grid companies to rationalize the refuelling outage plans for generating units. As the needs for inspection and maintenance projects are different, the duration of each refuelling outage is not identical. More inspection items are required for the 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 2020, we planned to conduct 17 refuelling outages, and successfully completed all of them as at January 2021, including initial outage of Yangjiang Unit 6 and Taishan Unit 1. The total number of calendar days for the refueling outages in 2020 was about 553 days.

“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 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 high level, leading among industry peers. As at December 31, 2020, Ling’ao Unit 1 has been operating without unplanned reactor shutdown for more than 5,291 days (excluding refueling outages duration).

The following table indicates the comparison of 24 nuclear power generating units in operation managed by us for 2020 and the one-year benchmark value of the 12 performance indicators for the WANO peer review in 2019:

	2020	2019
Number of units	24	24
Total number of indicators	288	288
Including:		
Number/percentage of indicators ranked top 1/4 (advanced level) in the world	209/72.57%	220/76.39%
Number/percentage of indicators ranked top 1/10 (excellent level) in the world	201/69.79%	208/72.22%

Business Performance and Analysis

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 2020, the radioactive waste management of all 24 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 national standards. The total amounts of the Discharge from our NPPs were far below the applicable national 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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Discharged liquid radioactive waste (radionuclides other than tritium) as a percentage of the national standards	0.24%	0.27%	0.41%	0.55%	0.30%	0.29%	0.37%	0.24%	4.85%	3.02%	0.15%	0.19%
Discharged gas radioactive waste (inert gases) as a percentage of the national standards	0.42%	0.43%	0.21%	0.30%	0.30%	0.29%	0.30%	0.28%	2.19%	1.59%	0.14%	0.20%
Solid radioactive waste (m ³)	230.3	244.8	102.4	60.8	74.0	67.6	110.4	124.8	0	0	120.0	118.4
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 is different for every unit, maintenance projects are different, the annual discharge limit of Taishan NPP was 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 emissions reduction to the society. Our annual on-grid nuclear power generation in effect represented a reduction of approximately 56.97 million tons of standard coal consumption, approximately 156.28 million tons of CO₂ emissions, approximately 34,900 tons of sulphur dioxide emissions, and approximately 36,400 tons of oxynitride emissions.

Nuclear Power Generating Units under Construction

The construction quality of nuclear power generating units under construction is the foundation for the safe and stable operations of nuclear power generating units in long term 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, which could only enter into the next phase of work after meeting the designed standards. 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 improving of the safety and quality of our construction work.

As of December 31, 2020, among seven nuclear power generating units we construct, four were in the civil construction phase (including three units under construction which were entrusted to the Company by the controlling shareholder of the Company for management), one was in the equipment installation phase and two were in the commissioning phase.

We controlled, supervised and managed aspects including the safety, quality, progress, investment, technology and environment of our construction projects, 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		√			2022
Fangchenggang Unit 4		√ Entered this phase on January 24, 2021			2022
<i>From associates</i>					
Hongyanhe Unit 5			√		Second half of 2021
Hongyanhe Unit 6			√		First half of 2022
<i>From the company which was entrusted by the controlling shareholder for management</i>					
Huizhou Unit 1	√				2025
Huizhou Unit 2	√				2026
Cangnan Unit 1	√				2026

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.

Business Performance and Analysis

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.

Sales of Electricity

We sell the electricity generated by our NPPs based on electricity sales contracts. In 2020, the on-grid power generation of our subsidiaries was 155,838.42 GWh and the sales revenue of electricity was approximately RMB55,511.98 million, representing 78.65% of our operating revenue for the year.

In 2020, due to the impacts of the COVID-19 and the different economic development conditions of each province, the supply and demand for electricity in some provinces where our nuclear power generating units are located varied. The Company paid close attention to changes in the power market environment in various provinces and regions, and continued to adopt 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 basically achieved the Company’s annual power generation plan by carrying out targeted power marketing based on the power market environment in various provinces and regions, which guaranteed the overall economic benefits of the Company. In 2020, with respect to the further revision to the Implementation Details of Grid Connection and Operation Management 《發電廠併網運行管理實施細則》 and the Implementation Details of the Auxiliary Service Management of Grid-connected Power Plants 《併網發電廠輔助服務管理實施細則》 (the “Two Rules”) as well as ancillary service market trading rules in various provinces and regions, and the gradual transformation of the Two Rules compensation mechanism into a market-oriented transaction mechanism, the Company closely tracked the implementation of the new rules and the trial settlement fee changes in the relevant auxiliary service markets, analyzed their impacts on the Company, and gave timely feedback on the amendments. According to the statistics, in 2020, the Group’s nuclear power generating units recorded a lower auxiliary service fee as compared with 2019.

In 2020, our nuclear power generating units in operation achieved a total on-grid power generation of 186,487.40 GWh, representing a year-on-year increase of 4.20%, of which the market-based power generation volume accounted for approximately 33.52% of the total on-grid power generation, representing an increase of 0.64 percentage point as compared with 2019.

Considering the electricity market reform in provinces where our nuclear power generating units locate, the Group progressively establishes several power sales companies and proactively carries out the business of electricity sales. In 2020, 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 Guangdong electricity market, with the hope of reaching more deals. The actual electricity consumption of our 14 retail agent clients amounted to 426 GWh.

Guangdong Province

The electricity consumption increased by 3.44% in 2020 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 2020, and the on-grid power generation increased by 6.39% over the corresponding period of previous year.



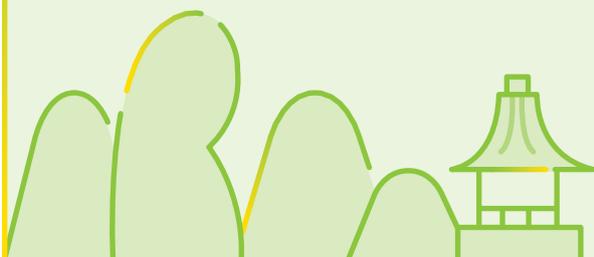
Fujian Province

The electricity consumption increased by 3.36% in 2020 over the corresponding period of previous year. The duration of refuelling outage of Ningde Nuclear in 2020 was shorter as compared with 2019, and the on-grid power generation increased by 4.65% over the corresponding period of previous year.



Guangxi Zhuang Autonomous Region

The electricity consumption increased by 6.18% in 2020 over the corresponding period of previous year. Fangchenggang Nuclear continued to develop the incremental market, with the duration of refuelling outage in 2020 being longer as compared with 2019, and the on-grid power generation decreased by 1.86% over the corresponding period of previous year.



Liaoning Province

The electricity consumption increased by 0.91% in 2020 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 and a year-on-year increase in the planned power generation. However, as the power demand in the whole society was below expectations, the on-grid power generation decreased by 0.37% over the corresponding period of previous year.



Business Performance and Analysis

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. In 2020, the Planned Tariffs of operating units of the Company remained stable and unchanged. As the balance between national electricity trading markets had gradually become mature, rationality was restored in the market-based transactions, and the Market-based Tariffs of the Company in 2020 remained stable as compared with 2019. As of December 31, 2020, the Planned Tariffs (VAT included) of our nuclear power generating units in operation are as follows.

Nuclear Power Generating Units	Clients	On-grid 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 Units 1-6	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	Guangdong Power Grid Co., Ltd.	0.4350
Hongyanhe Units 1-4	Liaoning Electric Power Co., Ltd.	0.3823

CSS Management and Lean Management

In 2020, we continued to promote the CSS management strategy, and achieved certain results. For instance, we utilized the big data to optimize the strategic models of spare parts inventory for improving the concentration and accuracy of spare parts demand, expanded the virtual warehouse of spare parts of the multi-site plants for implementing intra-group spare parts coordination and allocation, and improved the bargaining power of centralized procurement of spare parts for optimizing procurement channels, so as to reduce the overall procurement costs for spare parts within the Group. The average inventory of a single unit continued to decrease.

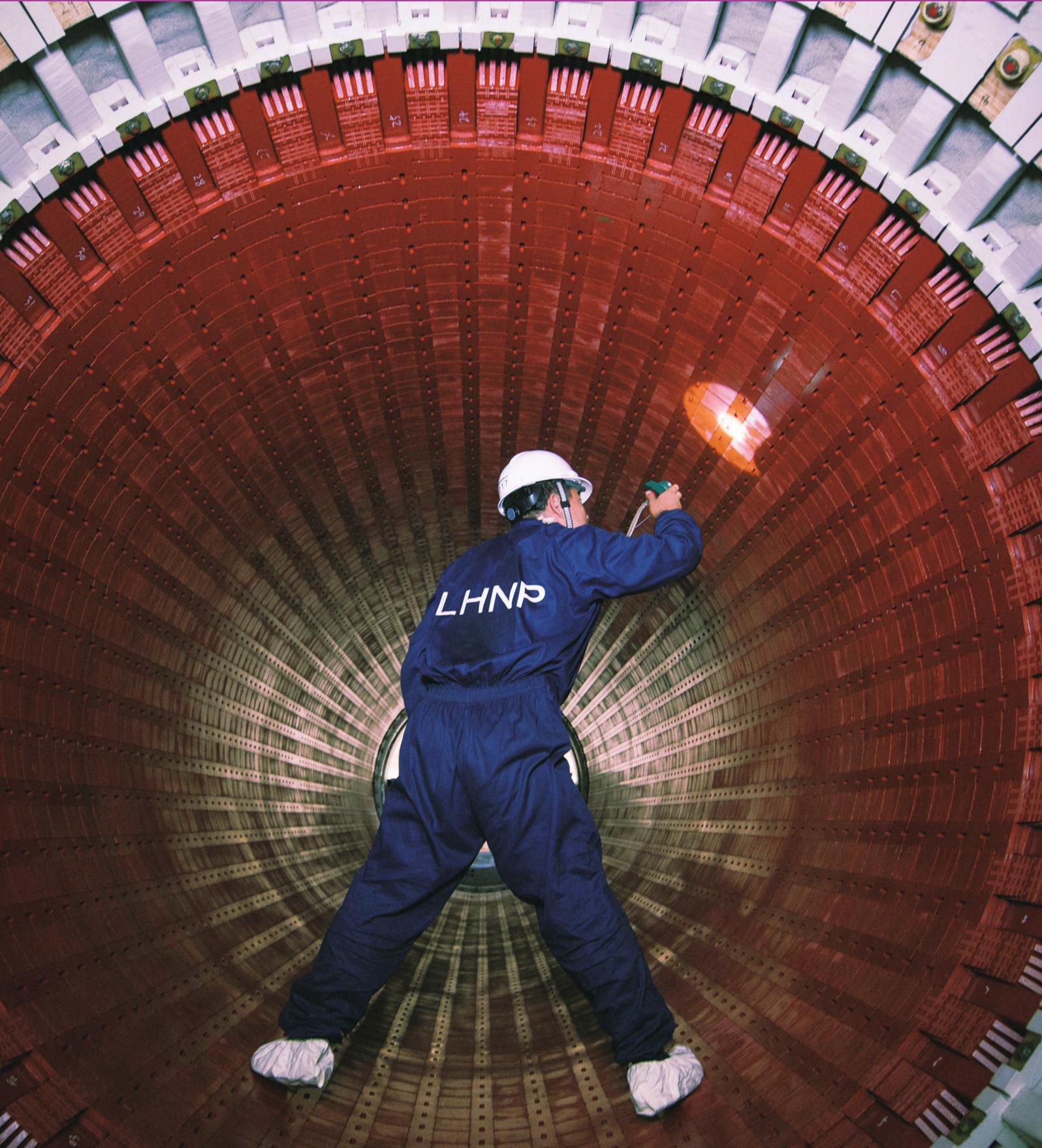
In 2020, under the lean strategy of the Company, we achieved good results in the cost management of nuclear power generating units in operation. By strengthening the lean management of minimum operating units, advancing the construction of the core capability of outages, and continuously improving the level of independent outage, the outage costs continued to achieve excellent low levels. For example, through the promotion of core capacity building on outages, we carried out the "gas replacement of generators during the operation of the half-speed turning gear" optimization project when conducting outages for the generating units of Lingdong Unit 1, Hongyanhe Unit 2 and Ningde Unit 1 to reduce the startup and shutdown times of half-speed turning gear, and added such projects as routine processes in the coming outages for generating units so as to shorten the outages period and save outage costs.

Future Outlook

With the PRC's economy entering into a period of high-quality development from the period of rapid development, and the ongoing intensified implementation of power system reform, 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.

In 2021, we plan to carry out the following initiatives:

- In conformity with the new environment, we will continue to carry out safety standardization and international benchmarking, reinforce the implementation of centralized measures applying new technology to avoid human errors, and enhance industrial safety, fire control and network information security management, in order to promote nuclear power safety;
- In 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 5 to commence high quality commercial operation within 2021;
- We will ensure the safe and stable operation of all the generating units in operation. We plan to conduct 16 refuelling outages during the year (including one initial outage, two 10-year outages and two refueling outages carried over to the following year). We will conduct seven refueling outages in the first quarter, four in the second quarter, two in the third quarter, and three in the fourth quarter;
- 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. Upon communication and consultation with the competent authorities of the Government of Guangdong Province, it is determined that in 2021, except for the nuclear power generating units using third-generation nuclear power technology, 2.5% of the annual on-grid power generation (i.e. 2,000 GWh) of the remaining nuclear power generating units in Guangdong Province will 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 2021 not less than the average of the average utilization hour of generating units for the latest three years;
- 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 technology innovation 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;
- We will continuously push forward the implementation of CSS 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 management cost of generating units in operation; and
- 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

48 Production Capital

52 Intellectual Capital

56 Human Capital

67 Financial Capital

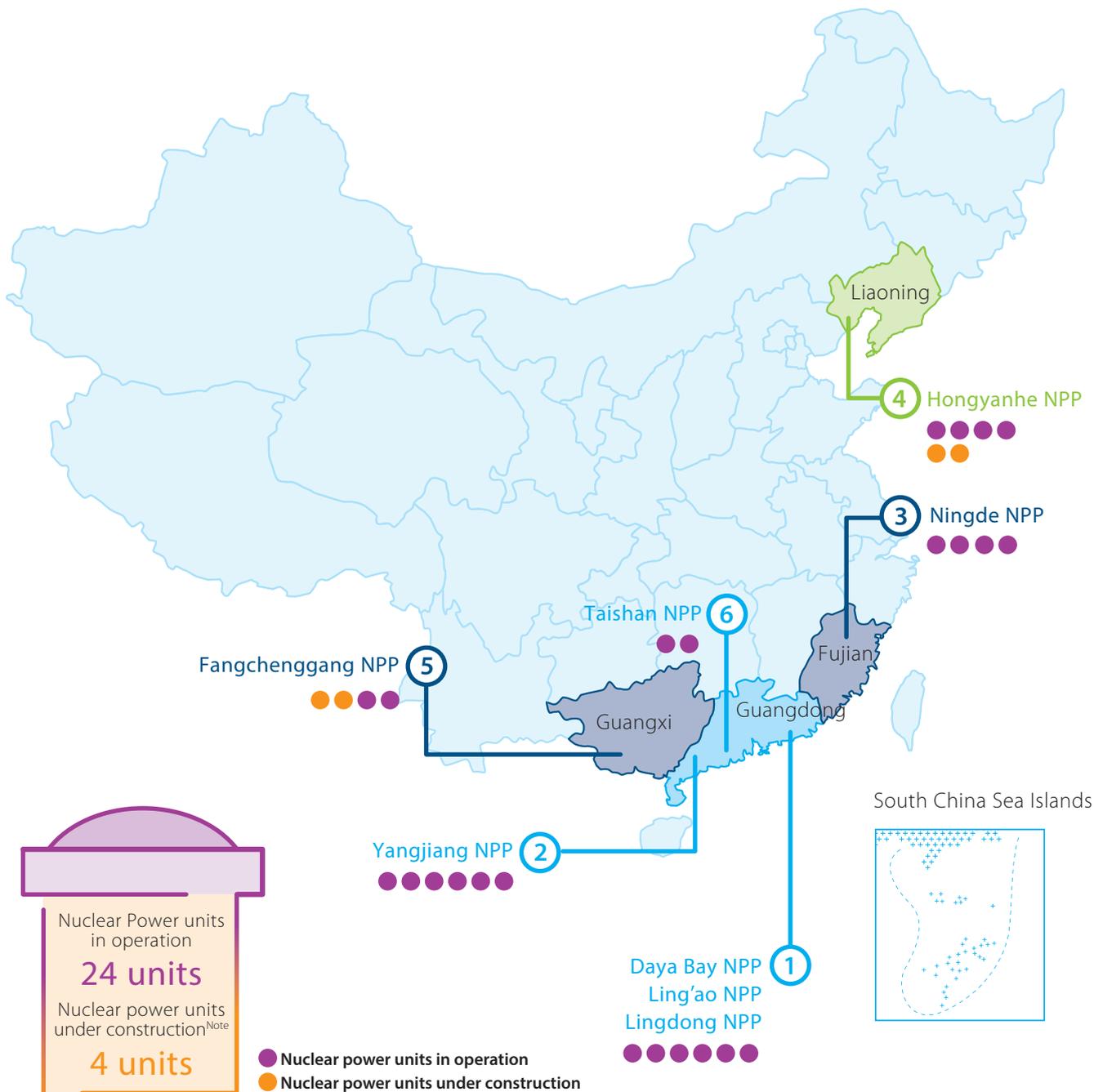
74 Environmental Capital

76 Social and Relationship Capital



Production Capital

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



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

1

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.

2

Units 1 to 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. Units 1 to 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.

3

Units 1 to 4 of Ningde NPP:

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

4

Units 1 to 6 of Hongyanhe NPP:

Located in Dalian City of Liaoning Province, Hongyanhe NPP has six nuclear power generating units. Units 1-4 are units in operation with a single-unit installed capacity of 1,119MW, while Unit 5 and Unit 6 were still under construction. Units 1 to 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.

5

Units 1 to 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.

6

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.

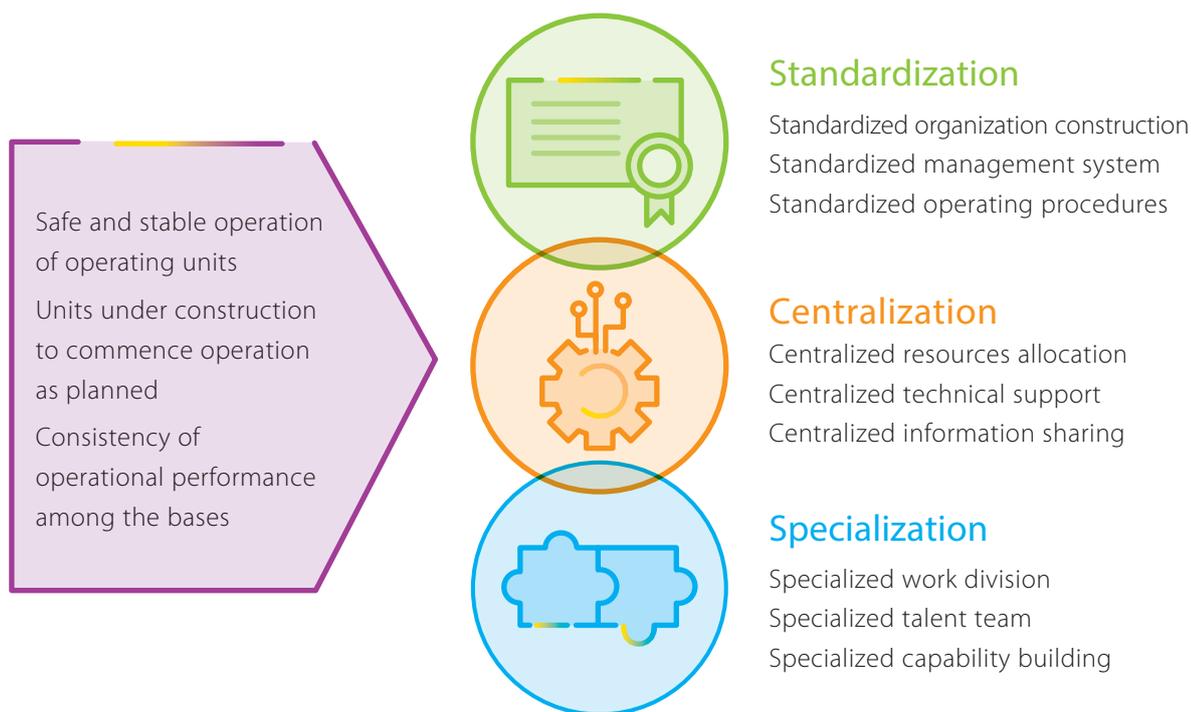
Production Capital

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 increased to 31 (including three units under construction which were entrusted to us by our controlling shareholder for management), and the number of nuclear power bases increased from 1 to multiple bases across different provinces. The management scope and management difficulty of the Company increased. We optimize our management strategies as always. Over the years, through consistent implementation of benchmarking, we carried out multi-layered safety supervision and evaluation, promoted the CSS management, continuously promoted safety management of the Company to enable the Company to continuously 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.

CSS Management

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



For specialization, the Company owns specialized companies including CGN Operations, CNPRI, SNPRI and CGN Engineering, and continues to develop the specialized capability of these companies, thus offering specialized services for NPPs in respect of refueling 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 21 functions. Each PG Group comprises specialized technical managers from 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 for 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

Safety Management

Nuclear safety is the bedrock of nuclear power companies. We adhere to the principles of “Nuclear Safety is Paramount” and “Safety First”. These principles are reflected throughout all stages in the design, construction and operation of the NPPs. We strictly abide by the national laws, regulations, guidelines and standards, and earnestly fulfill our commitments, out of our conviction that “only a safe NPP can be economical”. The Company is committed to the safety culture construction with “demonstration by leaders, implementation by core members, participation by all employees”, and has set up a complete safety management system with defense-in-depth management principle, adopted highly transparent and effective experience feedback, carried out wholly independent safety supervision and evaluation and established emergency response and handling mechanism under emergency conditions, so as to ensure the safe, economical and reliable operation of our NPPs and the safety of the society and the public.



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 and carried out independent innovation and independent innovation.

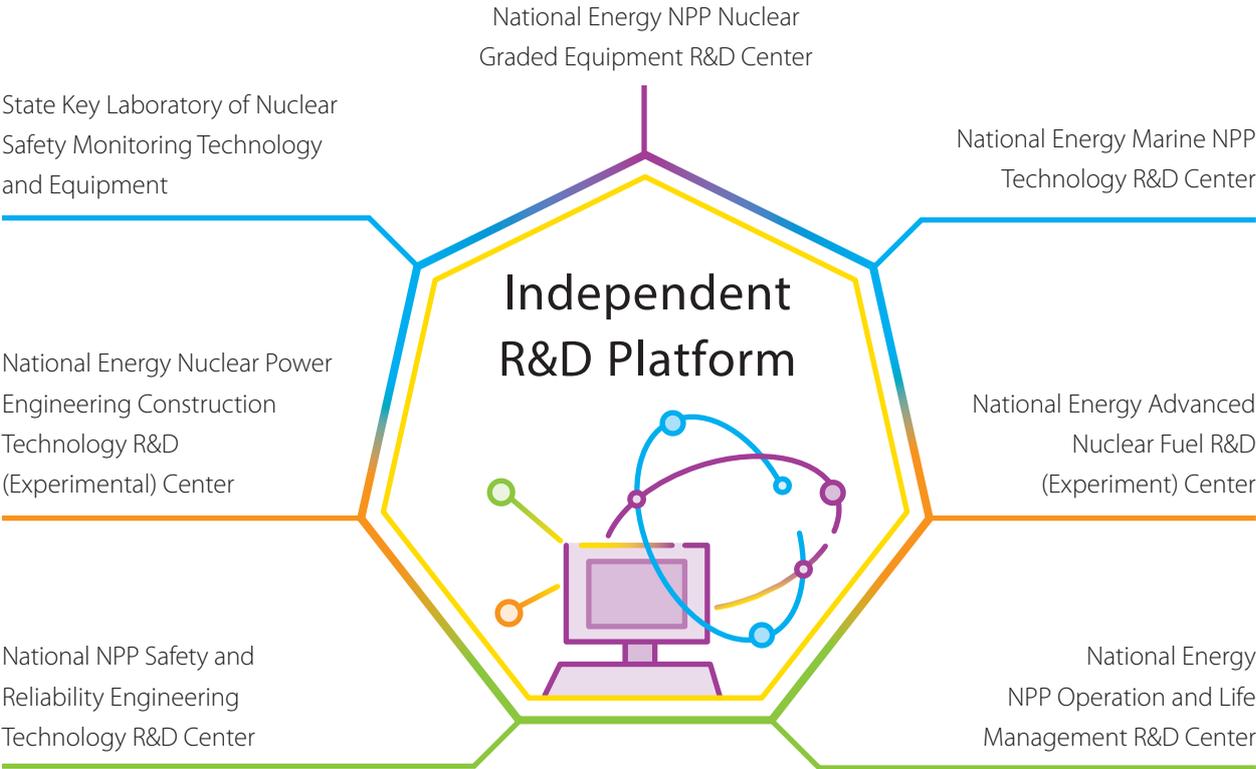
On the foundation of the M310 reactor technology used by Daya Bay NPP, we implemented a series of major technological improvements (including 16 safety technology improvements) to create the advanced second-generation CPR1000 series nuclear power technology with our own brand. In reference to the latest 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. Fangchenggang Unit 3 and Unit 4 have commenced construction since December 24, 2015 and December 23, 2016, respectively. The construction of the two generating units is currently progressing smoothly. Huizhou Unit 1, Huizhou Unit 2 and Cangnan Unit 1 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. While developing third-generation reactor technology, 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 our 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 2020 we had more than 4,800 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	Summary of technology	Benefits
R&D and application of HPR1000 3D collaborative design and management platform and its application system	<p>The project has established the data- and module-based HPR1000 digital collaborative design platform and its application system, which effectively resolve numerous technical difficulties such as multi-disciplinary concurrent design, automated quality check, automated drawing and design-analysis integration. This greatly enhances the design efficiency and quality of HPR1000, creates a real-time, effective allopatric collaboration for multi-unit joint design, and establishes a solid foundation for digitalization of visual construction and intelligent operation and management.</p> <p>Leading domestic industry peers in general, with certain achievements reached world's leading standards.</p> <p>Applied in Fangchenggang NPP, Huizhou NPP and Cangnan NPP.</p>	Enhanced economical efficiency
Large-scale PWR NPP secondary passive residual heat removal system	<p>With the use of steam generators, coolers in overhead water tanks, ancillary valves and tubes, this technology has formed a natural circulation system, which can produce decay heat in cores with passive mode (no power supply required) under whole plant power failure, complete loss of water supply and other accidents, thus ensuring the safety of cores and significantly enhancing the safety standard of nuclear plants. This technology can meet the safety requirements on new nuclear plants of national regulators after the Fukushima nuclear accident, as well as achieving the general R&D goals of HPR1000 "active + passive" safety system and domestic HPR1000 integration.</p> <p>With independent intellectual property and world's leading standards.</p> <p>Applied in Hongyanhe NPP and Fangchenggang NPP</p>	Enhanced safety

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 2020

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
Total	3,462	2,469	21	1,533	2,294	23	831	88



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

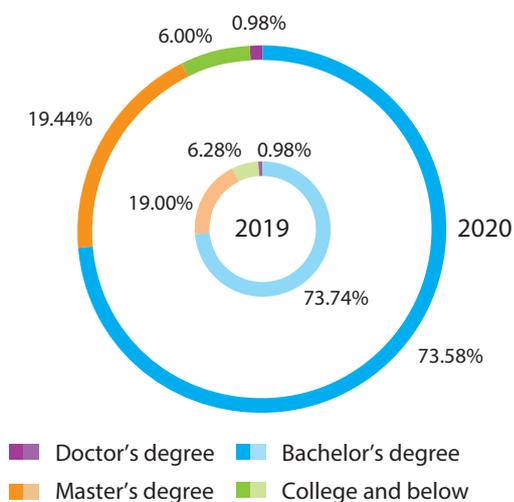
As at the end of 2020, we had 18,264 employees (excluding our affiliates).

Employee Structure

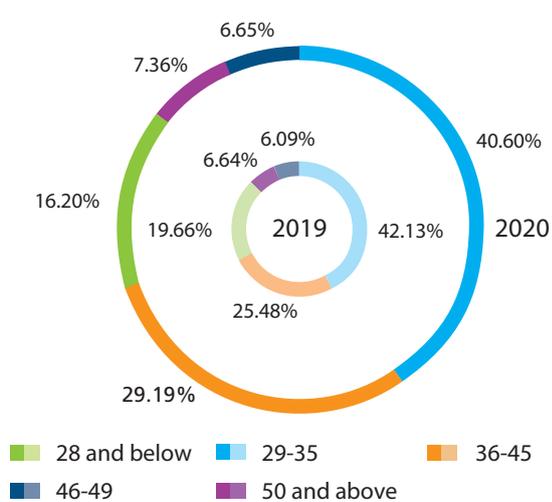
Composition of employees in terms of profession

Profession	Number of employees	
	2020	2019
Operation and management employees	1,425	1,414
Business function employees	1,167	1,185
On-site operation and support employees	1,974	1,952
Other technicians	13,698	13,832
Total	18,264	18,383

Education level of employees (%)



Age composition of employees (%)



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.

Due to the scarcity of nuclear power related professionals, the supply of external talent market is relatively low, considering from the perspectives of the echelon formation and talent cultivation, our recruitment of talents is focused on on-campus recruitment. In 2020, the Company recruited a total of 443 persons, among whom, 387 outstanding graduates were recruited through on-campus recruitment and 56 persons through general hiring.

Personnel Management

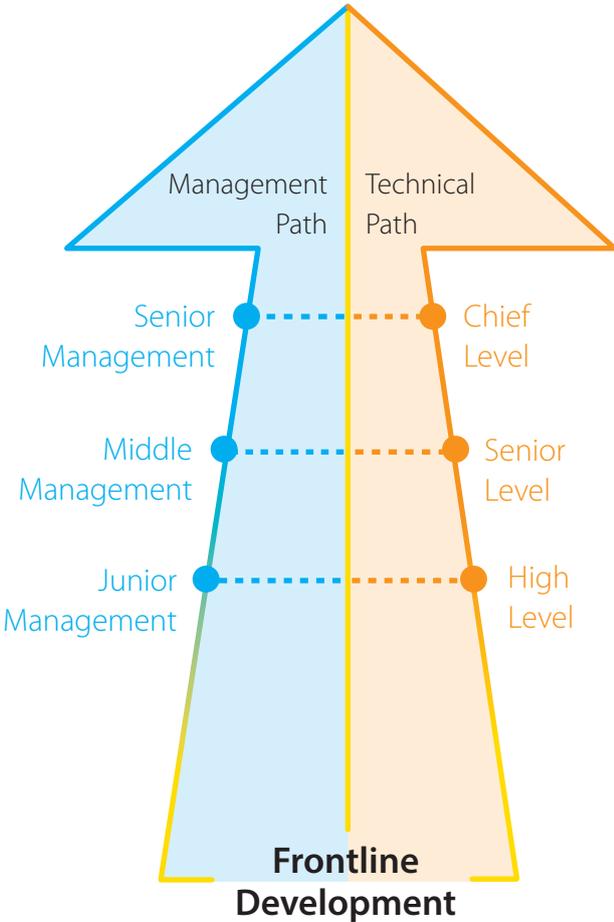
Development Paths

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.

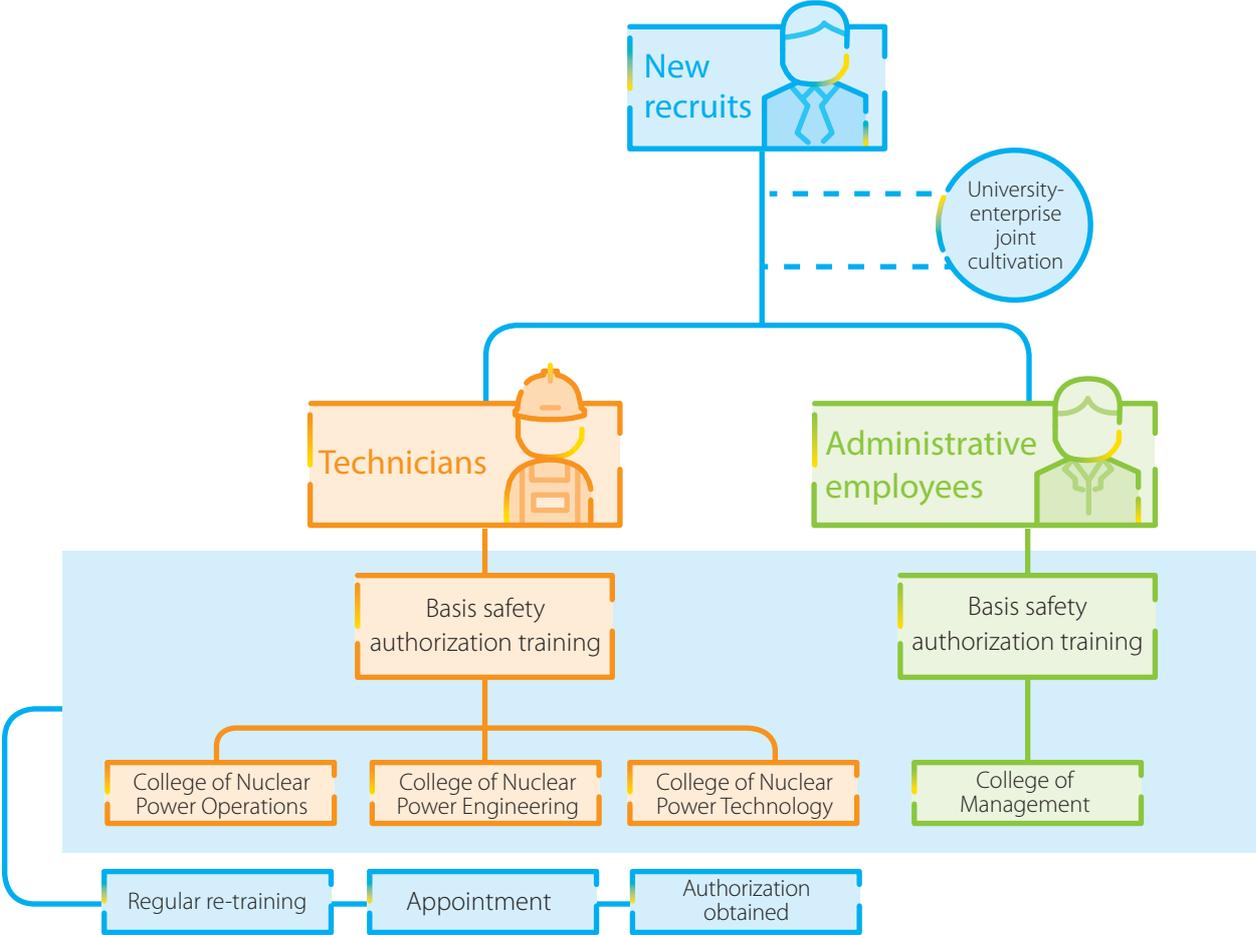
To match with the business development of the Company, we regularly renew the personnel training scheme. We had prepared our talent succession plan 2020 in accordance with the medium and long-term planning needs for talents and the feedback on training experiences. We vigorously promote open selection 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 2020, as affected by the COVID-19, the Group organized fewer face-to-face trainings, and the average training hours per employee was 93 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.



Finance, Assets and Investment

Business Performance and Outlook

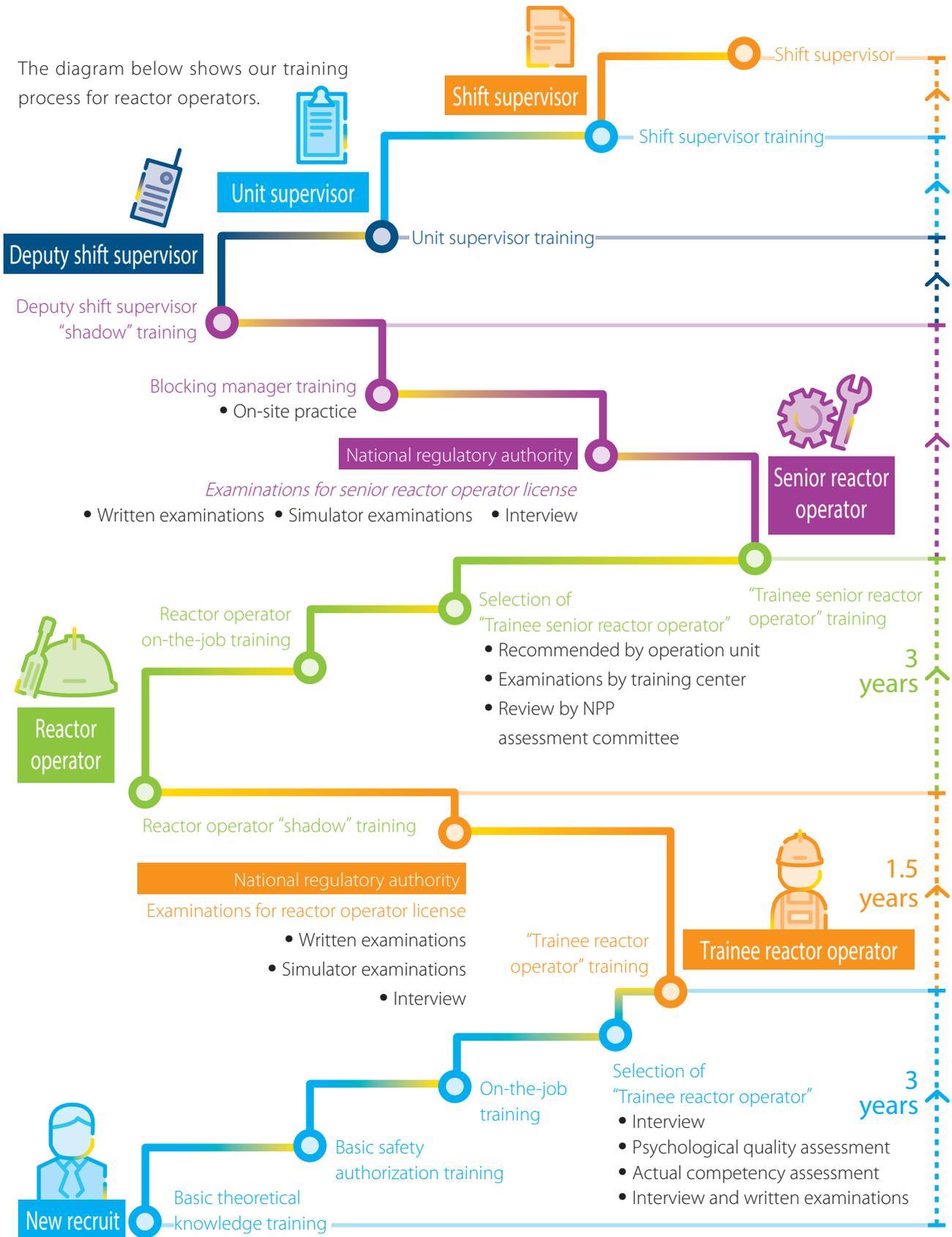
Capitals

Corporate Governance

Financial Report

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, the first HPR1000 full-scope simulator of the Group was put into operation in May 2020. The training and appraisal on a total of 103 licensed personnel for the first batch were conducted on schedule. We enhanced our training for HPR1000 technicians, with a total of 31 courses developed, more than 30 rounds of training conducted and 3,000 employees participated in training. Leveraging Fangchenggang Nuclear Power Base, we focused on facilitating the development of training courses for key positions of HPR1000 operation and the training for first batch licensed personnel. In addition, we had established the training and re-training system for key positions of operation, thus creating a solid foundation for cultivation of licensed personnel for other nuclear projects.

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 of the end of 2020, 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 130 skills training rooms (including the refueling training facilities) with a total area of about 73,300 square meters, covering all maintenance areas and skills, which can carry out 503 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 2020, seven fuel operators were trained, including five fuel operators from domestic counterparts.

The Company develops and improves corresponding curriculum based on post training programs. As of the end of 2020, we had a total of 16,000 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 209 full-time instructors and 2,600 part-time instructors. We also require management to participate in tutoring to share their knowledge and experience. In 2020, the average teaching hours of management was seven 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 2020, we hosted four skills competitions in Guangdong Province and two skills competitions in Shenzhen. More than 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, 2020, the Group (including affiliates) had 422 reactor operators and 948 senior reactor operators holding valid licenses. 78 and 146 employees of the Group (including affiliates) obtained licenses for reactor operators and senior reactor operators in 2020, respectively.

As of December 31, 2020, a total of 1,502 employees obtained or maintained registered qualifications in respect of construction projects, including 8 registered First Class Architects; 17 pressure conduit design examiners; 93 registered utility engineers; 39 registered first class structure engineers; 71 registered electrical engineers; 109 registered consultant engineers; 20 pressure vessel design examiners; 104 special operation permit holders; 268 registered supervising engineers; 104 registered equipment supervising engineers; 221 registered nuclear safety engineers; 334 registered first class constructors; and 114 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 2020, 122 employees of the Group (including the associates) participated in the training for fuel operators and passed certification examination to obtain the qualification for fuel operators.

In 2020, we achieved great honors in talent cultivation. Zhou Chuangbin from the engineering line won the honorary title of “National Labor Model”; Zhang Meiling from the R&D line was recognized as a “National Good Youth Making Progress with Good Deeds”; Li Kai from the production line was recognized as a “National Youth Post Expert”; Wang Jiantao, Wang Wenkui and He Shengliang from the production line won the title of “Guangdong Labor Model”; Wang Qi won the title of “Guangxi Zhuang Autonomous Region Labor Model”; and 20 employees, including Chen Lei and Wu Xiaodong, won the title of “Guangdong Technical Expert”. These honors were not only rewarding individuals, but also affirming our years of efforts in talent cultivation. The training of 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.

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 implementation plan for the first grant of the SAR was approved by the Board on November 5, 2015. At present, the three tranches of SAR for the first grant have all taken effect, and no exercise have occurred because the exercise price are not yet reached. Among which, the first and second tranches of SAR expired and lapsed on December 16, 2019 and December 16, 2020, respectively.

The implementation plan for 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.

On January 8, 2020, the Company convened the fourteenth meeting of the second session of the Board, at which the Resolution on the First Exercise Plan of the Second Grant of the H-Shares Appreciation Rights Incentive Scheme of CGN Power Co., Ltd. was considered and approved. Pursuant to the calculation rules specified in the Second Grant of the Appreciation Rights Incentive Scheme, after deducting the amount of 2018 dividends, the exercise price under the second grant of the Appreciation Rights Incentive Scheme was

Human Capital

changed to HK\$1.9223 per share from HK\$2.09 per share. The Resolution on Adjusting the Exercise Price of the Second Grant of the H-Shares Appreciation Rights Incentive Scheme of the Company was considered and approved at the seventeenth meeting of the second session of the Board convened on May 20, 2020. Pursuant to the calculation rules specified in the Second Grant of the Appreciation Rights Incentive Scheme, after deducting the amount of 2019 dividends, the exercise price under the second grant of the Appreciation Rights Incentive Scheme was changed to HK\$1.8393 per share from HK\$1.9223 per share. As of December 31, 2020, exercise of the SAR occurred under the First Exercise Plan of the Second Grant of the Appreciation Rights Incentive Scheme, while the appreciation rights for the second tranche had not been exercised yet as the share price had not met the exercise condition.

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 Note (XI) 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 certification of OHSAS18001 occupational safety and health management system. With the release of the latest ISO45001 occupational safety management system standards, all of our NPPs have obtained the certification on the latest standards when their certification documents expire.

Identification and management of occupational hazards

Through identification and evaluation of occupational health hazards in various types of work processes, we control occupational health risks, undertake graded management of the risks of exposures and hazards, and adopt a series of measures and means such as technologies, management and individual physical protection, safeguarding the health and safety of employees.



Full participation and proactive prevention

The Company emphasizes on the full participation and proactive prevention regarding occupational health and focuses on continuous control and improvement of occupational health management level. We actively carry out occupational hazard monitoring, conduct independent monitoring and evaluation of occupational health and safety risks through daily work processes, and take timely control measures in accordance with the principles of elimination, isolation, reduction and personal protection to protect and enhance the health and safety level of employees. The premises with occupational health hazards are equipped with protective equipment such as ear protectors, protective suits, protective shoes, and the working time limit is specified according to occupational hazard assessment.



Publicity, training and warning

The Company actively undertakes activities such as occupational hazard publicity and training, and informs employees of the types of occupational hazards that may exist in work and protective methods, etc., so that employees are able to understand and master correct protective skills. Meanwhile, the Company posts warning signs and on-site test results at relevant workplaces. Through such publicity and education, we enhance employees' self-protection awareness and ability and help them consciously change unsafe work habits.



Professional inspection by external organizations

The Company engages external professional organizations every year to undertake occupational health inspection on employees of some positions (including radioactivity, noise, high temperature, chemical poisons (ammonia), and high pressure, etc.), mainly including pre-job, on-job and off-job inspection. Personal health files are established. Occupational contraindications and occupational health damage are identified through inspection. We conduct individual and group health analysis and assessment of adaptability to work, so as to ensure health conditions of employees are compatible with working conditions they are engaged in, and undertake target intervention in accordance with inspection results.



Human Capital

In addition to physical health, the mental health of employees is equally important. We continue to launch 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 2020, a total of 1,328 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 2020 ESG Report published by the Company. Meanwhile, we implemented strict COVID-19 prevention and control measures on our employees and contractor employees. In 2020, there was no confirmed COVID-19 case among our employees and contractors.

Employees are our most valuable assets, and we always strive to ensure their safety. 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 2020, 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 2020 ESG Report published by the Company.

高效陪伴 一起成长

高质量陪伴的心理学技术



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 2020, in face of challenges such as the COVID-19, trade friction and global economic recession, the Chinese economy recorded an excellent performance with its strong resilience. The gross domestic product of the PRC exceeded RMB100 trillion, up by 2.3% year on year, and the PRC was the only major economy in the world that recorded positive growth. The liquidity in Mainland China was reasonably ample and the market interest rate of RMB stayed low. The People's Bank of China further reformed the loan prime rate (LPR) to bring the finance costs of the real economy down.

In 2020, the Company comprehensively strengthened the organization, coordination, support and risk monitoring of financing, making full use of various financing channels, promoting the conversion of the pricing basis of currency interest rate, facilitating debt replacement and interest rate restructuring, 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.

Financing Patterns

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.

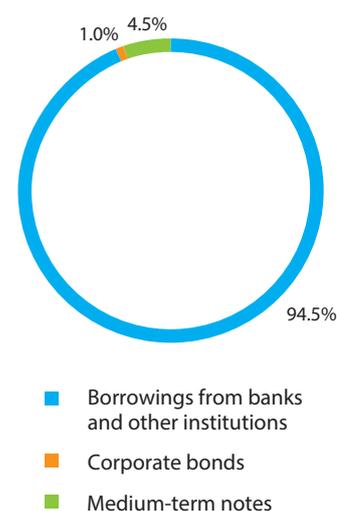
Financial Capital

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 94.5%), corporate bonds (accounting for approximately 1.0%), medium-term notes (accounting for approximately 4.5%), etc. Compared with the end of 2019, as at the end of the reporting period, the total borrowings of the Group decreased by approximately RMB5,557.0 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

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. Our available options in the domestic market mainly include ultra short-term financing notes, short-term financing notes, medium-term notes and corporate bonds, which can meet the requirements of working capital, debt repayment and capital expenditure of projects. The Group's outstanding debentures as at December 31, 2020, and the Group's repaid debentures in 2020 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.



In May 2020, the Company settled another corporate bond with face value of RMB2,500.0 million transferred from the controlling shareholder CGNPC (with a term of 10 years), which was used for the construction of Yangjiang NPP.

Medium-term notes

In April 2018, the Company issued two tranches of medium-term notes. The financing amount was RMB2,000.0 million with a term of 3 years and used for repayment of borrowings for subsidiaries;



In August 2018, the Company issued one tranche of medium-term notes. The financing amount was RMB1,000.0 million with a term of 3 years and used for repayment of borrowings for subsidiaries;

In October 2018, the Company issued one tranche of medium-term notes. The financing amount was RMB1,000.0 million with a term of 3 years and used for repayment of borrowings for subsidiaries;

In January 2019, the Company issued one tranche of medium-term notes. The financing amount was RMB1,500.0 million with a term of 3 years and used for repayment of borrowings for subsidiaries and replenishment of liquidity;

In July 2019, the Company issued one tranche of medium-term notes. The financing amount was RMB1,500.0 million with a term of 3 years and used for repayment of borrowings for subsidiaries;

In July 2020, the Company completed the registration for the issue of medium-term notes up to RMB10,000.0 million, of which medium-term notes of RMB2,500.0 million were issued. The remaining notes will be issued in due course based on market conditions and the capital requirement of the Company;

In August 2020, the Company issued one tranche of medium-term notes. The financing amount was RMB2,500.0 million with a term of 3 years and used for repayment of borrowings for subsidiaries.

Ultra short-term financing notes

In May 2020, the Company completed the registration of the issue of ultra short-term financing notes up to RMB5,000.0 million, which will be issued subsequently in due course based on market conditions and the capital requirement of the Company.



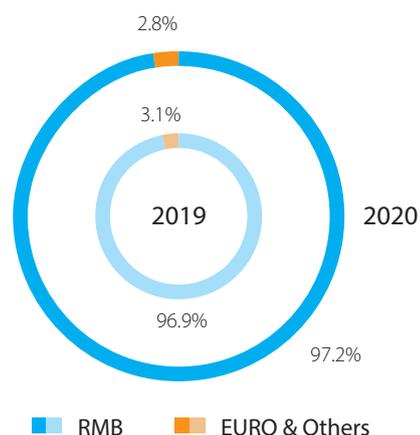
Financial Capital

Reasonable Currency and Term Structure

With regard to the financing currency, 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, 2020, the proportion of borrowings that were denominated in RMB amounted to approximately 97.2%, whilst the borrowings denominated in foreign currency amounted to approximately 2.8%. Borrowings denominated in foreign currency are primarily used to procure equipment and spare parts from overseas markets as well as related services.

In view of financing terms, the construction and operation of nuclear power projects have relatively long cycles, therefore our debts mainly comprise long-term debts. Meanwhile, to meet the 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 2020, the Company continued to place emphasis on the term structure of our debts, 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, 2020, the proportion of the Group's short-term debts accounted for approximately 20.9% of total debts, whilst long-term debts accounted for approximately 79.1%.

Debt balance analysis – by currency (%)



Debt balance analysis – by term (%)



Debt Risk Management

Effective response to foreign exchange rate and interest rate risks

Responding to the procurement of equipment, spare parts and related services from overseas market, the Company has accumulated some foreign currency debts in the process of nuclear power project construction. Due to fluctuations in foreign exchange rates, the foreign currency debt may affect expected earnings and cash flow of the Company. In order to mitigate the impact, we uphold a prudent approach to carry out debt hedging and risk prevention arrangements under a well- established debt risk management system. Our objective 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.



In recent years, we adopted measures such as forward transactions, debt swaps and early repayment to reduce exchange rate exposure of foreign currency debts gradually. 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 2019, the total amount of borrowings denominated in foreign currency of the Group at the end of the reporting period decreased by approximately RMB888.6 million. In 2021, the Company will continue to closely monitor the market and actively adopt measures to minimize the impact of foreign currency exchange rate fluctuations.

Financial Capital

Lowering
Financing Costs
in Pace with the Trend of
the Interest
Rate Liberalization
Reform

In 2020, in pace with the trend of the interest rate liberalization reform, the Company converted the pricing basis for its existing long-term project loans to LPR, and the interest rate level declined after the conversion, which had brought positive impact on the Company's finance cost saving in 2020. In 2020, the Company leveraged the monetary easing policy in the market, and underwent interest rate restructuring for nuclear power project loans. Project loans with higher fixed interest rate were swapped with loans with lower floating interest rate, thus effectively lowered the project financing costs. Meanwhile, in response to the negative impacts brought by the COVID-19, the Company 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

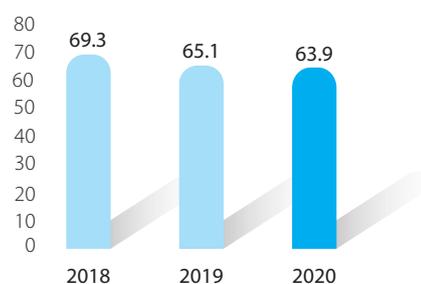
To ensure the Company's separation from financing risks, we usually arrange nuclear power project companies as the financing entities in respect of nuclear power project financing. In principle, we do not provide guarantees to the project companies. We strictly control certain guarantees, such as warranty,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

Nuclear power project companies raise debt funds by limited 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, 2020, the Group's asset-liability ratio was 63.9%, slightly lower than that of 2019, which was mainly because the Company's owners' equity increased and total liabilities decreased as the Company's accumulated profit increased.

Asset-liability ratio (%)

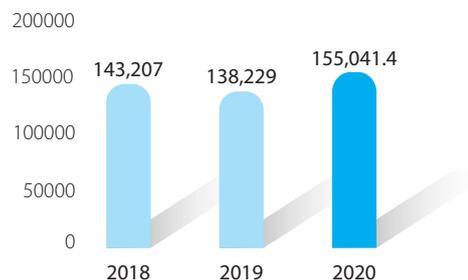


Adequate Liquidity

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, 2020, we had unutilized general banking line of credit of approximately RMB130,413.0 million, unissued ultra short-term financing notes up to RMB5,000.0 million available for public issuance at any time, unissued medium-term notes up to RMB7,500.0 million available for public issuance at any time and cash at bank and in hand of approximately RMB12,128.4 million, which can provide sufficient cash for the operations of the Company and mitigate the effects of fluctuations in cash flows.

Available Funds and Loan Facility (RMB million)



Maintaining a Good Credit Rating

Maintaining a good credit rating helps lower our cost of financing. In May 2020, 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 projects under construction are being put into operation and the 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” and maintained our AAA credit rating with stable outlook.

Credit Rating



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 other matters regarding the environmental management of the Group, please refer to 2020 ESG Report published by the Company.

Radioactive Waste Management

NPPs generate gaseous, liquid and solid wastes while generating electric power (“**Three Wastes**”), 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 2020.



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 2020 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 2020, 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 2020, the Company and our NPPs convened 4 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 2020, we participated in 10 major exhibitions in China, including the 16th China International Exhibition on Nuclear Power Industry and the 2020 China International Nuclear Power Industry and Equipment Exhibition, as well as the 22nd China Hi-Tech Fair.



The 16th Nuclear Industry China



The 22nd China Hi-tech Fair

Reaching the campus

We proactively launched the campaign on promoting the knowledge of nuclear power in campus. In 2020, we conducted campus activities in 57 schools across China, with more than 17,000 students learning about the knowledge of nuclear power.



Cradle Project – Promoting the Knowledge of
Daya Bay Nuclear Power in Huizhou No.1 Middle School



Stepping into the Story of Spring –
Daya Bay NPP

Social and Relationship Capital

Public Open Day

In 2020, we launched the eighth session of the “8-7 Public Open Day” campaign under the theme of “Planting corals on the seafloor, Wandering around the NPP”. At the same time, a science lecture was live-broadcasted online for the first time at six major nuclear power bases of the Group. The post for registration of this event was read by more than 100,000 WeChat users, and the broadcast views reached 1.7 million in different video platforms. More than 3.7 million public members watched live broadcast online on the broadcast day. Topics posted by CGN Power, Xinhuanet, People’s Daily Online, CCTV News and Shenzhen TV on Sina Weibo were read by more than 80 million users. As of August 17, 2020, more than 70 articles on the campaign were made in major media, and forwarded for more than 560 times. The overall exposure of the campaign reached more than 90 million.



8-7 Public Open Day



Planting corals on the seafloor,
Wandering around the NPP

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 policy of targeted poverty alleviation, using our own advantages to help designated counties and villages develop characteristic industries to improve the lives of local residents, aiming at helping the villagers alleviate poverty and set out on a road to prosperity.

Assisting pandemic prevention and control



Production of Sanitizer by Yangjiang Nuclear

In 2020, facing the sudden outbreak of the COVID-19, the Group grasped the nettle and took active measures. While strictly implementing its pandemic prevention and control measures, the Group also actively assisted the pandemic prevention and control works in nearby communities. On February 7, 2020, the youth “pandemic-fighting” team of Yangjiang Nuclear produced 2,200 bottles of sanitizer, assisting pandemic prevention and control in bases and surrounding areas.

Launching targeted poverty alleviation

In 2020, the Company put greater investments in two key counties in Guangxi, namely Lingyun County and Leye County, and conducted industrial poverty alleviation, educational poverty alleviation, party building poverty alleviation, poverty alleviation training and consumption poverty alleviation, etc. With the help of the Company, Lingyun County and Leye County successfully lifted out of poverty in 2020. In September 2020, the Company completed the widening works of road to Liaocuo Village, Zhouyang Township, Gutian County, Fuzhou, with a length of 4.5 km, which created a foundation for resolving the limitations regarding agricultural development and county tourism. In addition, the Company resolved the electricity supply issue that had been struggling villagers in Mingyang Village, Daqiao Town, Gutian County, Fuzhou for decades. The small-scale self-confessed power supply area was connected to the state grid, and the power grid upgrade was completed. For further information about targeted poverty alleviation works of the Company, please refer to the 2020 ESG report to be published by the Company.



Egret School



Poverty Alleviation Live Stream

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 2020, we had 13,000 employee volunteers and 28,942 people participating in public service activities for a total of 43,413 hours.

Corporate Governance

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Board of Directors, Supervisory Committee and Senior Management

As at the date of this report, the biographies of our Directors, Supervisors and senior management are as follows:

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



Mr. Yang Changli (楊長利), born in 1964, he has served as the chairman and a non-executive Director of the Company since May 2020, he has a master's degree in engineering 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 the deputy director and director of the Technology and International Cooperation Department of China National Nuclear Corporation (中國核工業集團公司) from June 1999 to July 2006; a member of the party leadership group and the deputy general manager of China National Nuclear Corporation from July 2006 to January 2020; and the deputy secretary of the party committee and a director of CGNPC from January to February 2020. Since February to July 2020, he has been serving as the deputy secretary of the party committee, a director and the general manager of CGNPC; he has served as the secretary of the party committee, chairman and the general manager of CGNPC from July 2020.

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 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 has more than 30 years of experience in the nuclear power industry. He served as the general manager of DNMC from February 2004 to January 2008. 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 has been the chairman of General Nuclear System Limited (通用核能系統有限公司)("GNS") since June 2016.

Executive Director and Vice President **Mr. Jiang Dajin**



Mr. Jiang Dajin (蔣達進), born in 1962, he 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 China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司) from January 2009 to January 2012, as a director of Yangjiang Nuclear Power Co., Ltd. (陽江核電有限公司) from December 2011 to July 2018 and as a general manager of Yangjiang Nuclear Power Co., Ltd. (陽江核電有限公司) from January 2012 to July 2018, he served as a Board Secretary 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 Guangxi Fangchenggang Nuclear Power Co., Ltd. (廣西防城港核電有限公司) from February 2020 to December 2020 and the chairman of China Nuclear Power Operations Co., Ltd. (中廣核核電運營有限公司) from March 2020 to December 2020.

Non-executive Director **Mr. Shi Bing**



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 certified public accountant. Mr. Shi has more than 20 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. 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 of Business Administration 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) 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. Mr. Gu Jian is currently 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).

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



Mr. Li Fuyou (李馥友), born in 1955, has served as an independent non-executive Director of the Company 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 an assistant to general manager and director of Safety Supervision Bureau of China National Coal Group Corporation from March 2005 to January 2006, successively an assistant to general manager and director of Safety Supervision Bureau and director of production coordination department of China National Coal Group Corporation from January 2006 to August 2006, 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, executive director and general manager of China Coal Xi'an Designing and Engineering Co., Ltd. (中煤西安設計工程有限公司) from April 2008 to June 2008, chairman and 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) from March 2009 to September 2010, chairman of Datun Coal and Electricity (Group) Co., Ltd., (大屯煤電(集團)有限公司), 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.

Board of Directors, Supervisory Committee and Senior Management

Independent non-executive Director, Chairman of the Audit and Risk Management Committee of the Board

Mr. Yang Jiayi



Mr. Yang Jiayi (楊家義), born in 1958, has served as an independent non-executive Director of the Company since August 2020. He is a master's degree holder in economics, 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 has been 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 chief accountant of China Energy Conservation and Environmental Protection Group (中國節能環保集團公司). Mr. Yang Jiayi has 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) since January 2020.



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 since August 2020. He holds a master's degree and is an engineer. Mr. Xia Ceming has extensive experience in 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 been serving 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.

Chairman of the Supervisory Committee and
non-employee representative Supervisor

Mr. Chen Sui



Mr. Chen Sui (陳遂), born in 1964, has acted as the chairman and a non-employee representative Supervisor 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 deputy general manager of CGN Energy Development Co., Ltd. (中廣核能源開發有限公司) from April 2006 to April 2007, the chairman and general manager of CGN Wind Energy Co., Ltd. (中廣核風力發電有限公司) from April 2007 to September 2010 and 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 been the chairman of CGN Wind Energy Co., Ltd. (中廣核風電有限公司) since September 2010, and the chairman of CGN Energy Conservation Industry Development Co., Ltd. (中廣核節能產業發展有限公司) since March 2017. Mr. Chen Sui served as the chairman of CGN Nuclear Technology Development Co., Ltd. (中廣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 been the chairman of CGN New Energy Holdings Co., Ltd. (中國廣核新能源控股有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 1811) since January 2014. Mr. Chen Sui has been an assistant to general manager and employee director of CGNPC since January 2018.

Non-employee representative Supervisor **Mr. Hu Yaoqi**



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 Guangdong Hengjian Investment Holding Co., Ltd. (廣東恒健投資控股有限公司), the director and general manager of Guangdong Hengwang Investment Development Co., Ltd. (廣東恒旺投資發展有限公司) and 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 has served as the director of the risk control and legal department of Guangdong Hengjian Investment Holding Co., Ltd. (廣東恒健投資控股有限公司) since September 2019.



Mr. Zhang Baishan Non-employee representative Supervisor

Mr. Zhang Baishan (張柏山), born in 1971, has served as a non-employee representative Supervisor since August 2020. He holds a bachelor's degree and is a senior accountant. Mr. Zhang Baishan has more than 25 years of experience in finance, cost budget and financial information technology. From March 2008 to March 2011, he served as the deputy director and director of the financial department of Nuclear Power Qinshan Joint Venture Co., Ltd. (核電秦山聯營有限公司) and from March 2011 to January 2012, he served as the deputy director (presiding over of the work) of the financial department of CNNC Nuclear Power Operation Management Co., Ltd. (中核核電運行管理有限公司). From January 2012 to May 2013, he served as the director of the operation finance department of the financial center of CNNC Nuclear Power Operation Management Co., Ltd. (中核核電運行管理有限公司). From May 2013 to November 2019, he served as the chief accountant of Fuqing Nuclear Power Co Ltd. (福清核電有限公司). Since January 2017, he served as chairman of the Supervisory Committee of Fujian Sanming Nuclear Power Co., Ltd. (福建三明核電有限公司). Since August 2018, 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) 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).

Employee representative Supervisor **Ms. Zhu Hui**



Ms. Zhu Hui (朱慧), born in 1971, was appointed as an employee representative of the Company in March 2019. She has a master degree and is a senior accountant. Ms. Zhu has more than 20 years of experience in financial management. She served as the deputy director (presiding over the work) and director of the finance department of CNPRI from June 2007 to December 2009, as accounting management senior manager of the finance department of CGNPC from December 2009 to August 2011, as 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 been the director of the audit department of the Company since August 2018. She has been a supervisor of CGNPC Uranium Resources Co., Ltd. and a supervisor of CGN Capital Holdings Co., Ltd since October 2018.

Board of Directors, Supervisory Committee and Senior Management

Employee representative Supervisor **Mr. Wang Hongxin**



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 also has a Chinese law practice qualification certificate, corporate legal counsel practice qualification certificate and corporate lawyer practice qualification certificate. Mr. Wang 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 Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 1811), 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 has served as general manager of the legal affairs department of the Company since December 2018.

Senior Management



Mr. Gao Ligang Executive Director and President

The biography of Mr. Gao Ligang is set out in Page 82 of this Annual Report.

Vice President **Mr. Su Shengbing**



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 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 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 has also served as the chairman of the board of directors of GNPJVC since January 2016, as the chairman of the board of directors of Yangjiang Nuclear since June 2018, as the chairman of the board of directors of Taishan Nuclear since February 2019.

Chief Financial Officer,
Joint Company Secretary and Board Secretary

Mr. Yin Engang



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 has over 20 years of experience in finance and auditing. From August 2006 to October 2007, he served as Chief Financial Officer of Hongyanhe Nuclear. From October 2007 to July 2008, he served as deputy head of the preparatory team of CGNPC Industry Investment Fund Management Co., Ltd., 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 Co., Ltd., a company listed on the Hong Kong Stock Exchange (stock code: 1811) from March 2015 to January 2018. He has served as the chairman of the board of directors of GNIC since October 2020.



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 has more than 30 years of experience in the nuclear power industry. Mr. Chen served as an assistant to general manager of Yangjiang Nuclear from March 2004 to September 2005, as director of preparatory office of Ningde Nuclear from September 2005 to June 2006, 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, 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. Mr. Chen has served as chairman and general manager of CGN Engineering since March 2020. Mr. Chen served as chairman of China Techenergy Co., Ltd. (北京廣利核系統工程有限公司) ("Techenergy") from September 2016 to March 2020. Mr. Chen has served as chairman of Worldwide Engineering CGNPC AREVA Nuclear Co., Ltd. since March 2016, 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.

Executive Director and Vice President

Mr. Jiang Dajin



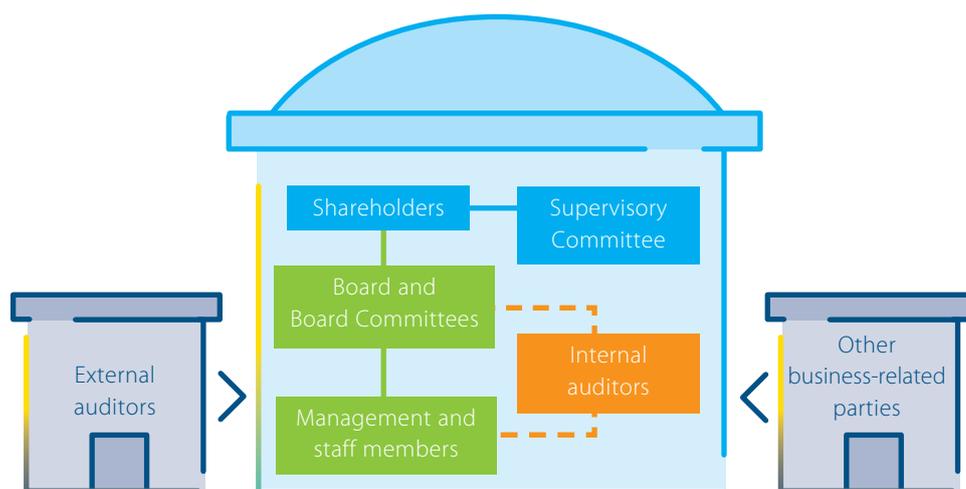
The biography of Mr. Jiang Dajin is set out in Page 82 of this Annual Report.

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 the Corporate Governance Code and Corporate Governance Report 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.

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 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 on January 6, 2016 and November 14, 2018, respectively. On August 26, 2020, the Board considered and approved the third revision of the Corporate Governance Code of the Company, of which the main purpose was to consider and incorporate the relevant requirements under the Code of Corporate Governance of Listed Companies issued by the CSRC.

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 of 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 Board committees 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 Report

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 2020. As of the end of 2020, the Company had complied with all applicable code provisions of the Hong Kong Stock Exchange Code 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 2020.

1

The Company invited investment banks to conduct training sessions for Directors, Supervisors and senior management under the themes of corporate value management, hot spots in the capital market as well as capital operation, with a view to deepening their understanding of views in the capital market and heightening their awareness of the importance of protecting rights of the shareholders.

2

In view of impacts brought about by the COVID-19, the Company held its annual results press briefing through live streaming and at the same time carried out teleconferences and text interchange with the capital market. We delivered a comprehensive and timely report on business operations of the Company to accommodate the communication needs of both domestic and overseas investors.

3

The Company attached great importance to ESG management. In order to demonstrate our commitment to sustainable development and a sound image, we proactively analyzed the primary focus of ESG rating agencies, maintained active liaison with these agencies, continuously refined contents of our ESG report and set out more non-financial information which responded to investors' concern. Since 2018, ESG reports of the Company have been included into the rating universe of international key ESG indices (such as MSCI and Dow Jones Index) and rating agencies. In 2020, our ESG rating saw continued improvement and became a model among international counterparts. We were awarded the "Best Corporate Governance Responsibility Award (最佳公司治理責任獎)" and the "Best Responsibility Advancement Award (最佳責任進取獎)" in our first participation in the "China ESG Golden Awards (金責獎)" held by Sina Finance in the PRC.

4

Upon selection of new session of the Board in 2020, the Company tailored intensive special reports and field research plans for new Directors to facilitate their early understanding of the Company and high quality performance of their duties. Various special reports were delivered as planned in 2020, the contents of which included organizational structure setting and the corresponding functions, connected transactions, information disclosure, internal audit, equity-based incentives and operations of special committees under the Board. New Directors attended field research at two nuclear power bases and three specialized companies engaging in engineering and operations, so as to gain insight in engineering construction, operations, maintenance and technology R&D of the NPPs.

5

The Company continued to revise the Corporate Governance Code of the Company and completed the third revision in 2020 since its publication by incorporating the relevant requirements under the Code of Corporate Governance of Listed Companies issued by the CSRC. The Corporate Governance Code of the Company plays a positive role in standardizing corporate governance, contributing to the standard operations of the Board and enhancing communication between shareholders, investors and the Company.

6

In 2020, the Company changed its external auditor for the first time since its listing. The Company facilitated full communication between the predecessor and the successor auditors by authorizing Deloitte Touche Tohmatsu Certified Public Accountants LLP to provide working papers and detailed response to queries raised by KPMG Huazhen LLP. We supervised and urged KPMG Huazhen LLP to formulate a practical and effective audit plan and carry out audit on opening balance and preliminary works of annual audit in advance. As a result, the progress and quality of audit works were guaranteed. Smooth transition, a quality audit report and information release were achieved successfully.

Corporate Governance Report

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

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.

2

The Secretary of the Board of the Company will sort out the actions from the meeting within one week after each Board meeting and report to the Board in respect of the implementation of such actions at the next Board meeting, and continue to follow up the actions which are still within the timeframe.

3

In order to facilitate the Directors’ prompt and easy access to relevant information on duty performance, the Company had formulated the Handbook on Duty Performance of Directors of CGN Power and made amendment to it in 2020, providing Directors with reference for the rules and guidelines of duty performance.

4

The Company has formulated its Code for Securities Transactions by Directors and Specific Persons. In accordance with the A share regulatory rules, it is upgraded to setting up rules on basic principles for securities transaction, preliminary 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.

5

Roadshows, reverse roadshows 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.

6

In order to help all Directors familiarize with and get hold of the Company's business and operation, the latest business report is given on the regular Board meeting of the Company.

7

The expenses incurred by Directors for seeking independent professional advisers have been included in the annual budget of the Company.

8

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.

Overview of Regulatory Documents on Governance and Key Rules and Regulations

In accordance with relevant amendments to the Company Law, we revised the Articles of Association of CGN Power Co., Ltd., the Procedural Rules of General Meeting of CGN Power Co., Ltd. and the Procedural Rules of the Board of Directors of CGN Power Co., Ltd., which were approved at the 2019 AGM or the 2020 first extraordinary general meeting.

We attach great importance to the effective implementation and practicability of the regulatory documents on governance and provided guidance on the governance practices of the Company. In order to further standardize the business operations and enhance corporate governance, we made the third revision to the Corporate Governance Code of the Company and incorporated relevant requirements under the Code of Corporate Governance of Listed Companies issued by the CSRC.

Given changes of rules on duty performance by Directors, we amended the Handbook on Duty Performance of Directors of CGN Power to better facilitate Directors' diligent and responsible performance.

For the purpose of ensuring access to corporate information and exercise of rights on an informed basis by shareholders of the Company as well as strengthening communication between shareholders and the Company, the Company made the second revision to the Shareholder Communication Policy.

Corporate Governance Report

As at the end of 2020, 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.*
- 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

We amended the Articles of Association in 2020 to comply with the relevant requirements of Decision of the Standing Committee of the National People's Congress on Amending the Company Law of the People's Republic of China (Order of the President of the People's Republic of China No. 15), the Reply of the State Council on Adjusting the Provisions Applicable to the Notice Period of General Meetings of Overseas Listed Companies (Guo Han [2019] No. 97), and the Decision on Amending the Guideline for the Articles of Association of Listed Companies (Announcement of the CSRC [2019] No. 10) and others. The Articles of Association was approved at the annual general meeting held on May 20, 2020. The amendments mainly included: amending the provisions on the acquisition of shares by the Company, amending the notice period of general meetings, adding relevant requirements on the operation of special committees under the Board and amending the basis for preparing financial statements.

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 of the end of 2020, 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 nine Directors of the Company (of which Wang Wei, the non-executive director, resigned from non-executive Director of the Company on February 25, 2021), two non-executive Directors hold positions in CGNPC. Gao Ligang, an executive Director and President, has been the chairman of GNS (a subsidiary of CGNPC) since June 2016. Vice President Chen Yingjian served as the chairman of Techenergy from September 2016 to March 2020 and serves as the chairman of Huizhou Nuclear since March 2020. 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 GNS, our Director Gao Ligang 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, 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, 2020, 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, CGN Cangnan Nuclear Power Co., Ltd. (中廣核蒼南核電有限公司) 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 progressively received notice of new business opportunities from CGNPC concerning Cangnan nuclear power project and Huizhou nuclear power project in 2020. After careful analysis, the Company did not recommend participation in Huizhou nuclear power project and Cangnan nuclear power project for the time being. Three independent non-executive Directors decided in writing that the Company would not participate in the investment in the above two projects 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 People's Republic of China, the Hong Kong Companies Ordinance and the Listing Rules. Detailed descriptions on major rights of the shareholders are set out in the Corporate Governance Code of the Company, which mainly include:

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

Convening Extraordinary General Meetings and Submission of Proposals

According to the Articles of Association, shareholders who individually or jointly hold 10% or more of the voting shares of the Company may request for the convening of an extraordinary general meeting (the "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.

Corporate Governance Report

Enquiries to the Board

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

Shareholdings

Total number of registered shareholders

	As of December 31, 2019	Unit: accounts As of December 31, 2020
Total number of registered shareholders	488,366	302,572
Registered shareholders of H shares	3,721	3,584
Holders of A shares	484,645	298,988

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
	Guangdong Hengjian Investment Holdings Co., Ltd. ("Hengjian Investment")	3,428,512,500	6.79
	China National Nuclear Corporation ("CNNC")	1,679,971,125	3.33
	Other holders of A shares	5,049,861,100	10.00
H shares	China Life Insurance Company Limited	1,340,057,000	2.65
	National Council for Social Security Fund ("NSSF")	1,014,875,000	2.01
	CGNPC	103,726,000	0.20
	Other holders of H shares	8,704,967,000	17.24

Note: The data above is relevant as of December 31, 2020.

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

General Meetings

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

In 2020, we held two general meetings, namely the 2019 AGM/the 2020 first H shareholders' class meeting/the 2020 first A shareholders' class meeting and the 2020 first EGM.

2019 AGM	Date	May 20, 2020
	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 40,650,610,812 shares, representing approximately 80.5% of the total number of shares.
	Resolutions considered and approved	<p>Ordinary resolutions:</p> <p>The report of the Board for the year ended December 31, 2019</p> <p>The report of the Supervisory Committee for the year ended December 31, 2019</p> <p>The annual report of the Company for the year 2019</p> <p>The audited financial statements for the year ended December 31, 2019</p> <p>The profit distribution plan for the year ended December 31, 2019</p> <p>The investment plan and capital expenditure budget for the year 2020</p> <p>The appointment of KPMG Huazhen LLP as the financial and internal control auditor of the Company for the year 2020 until the end of the next annual general meeting of the Company, and to authorize the Board to determine their remuneration</p> <p>The change in the use of certain funds raised from H Shares</p> <p>The appointments of Directors</p> <p>The remuneration of Directors and Supervisors for the year 2020</p> <p>The donation of epidemic prevention and control funds</p>
		<p>Special Resolutions:</p> <p>The amendments to the Articles of Association</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>

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2020 first H shareholders' class meeting	Date	May 20, 2020
	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 5,058,972,800 shares, representing approximately 45.3% of the total number of shares.
	Resolutions considered and approved	Special resolution: The grant of the general mandate in relation to the repurchase of Shares to the Board of Directors for repurchasing A Shares and/or H Shares of the Company during the relevant period
2020 first A shareholders' class meeting	Date	May 20, 2020
	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 35,591,708,002 shares, representing approximately 90.5% of the total number of A shares.
	Resolutions considered and approved	Special resolution: The grant of the general mandate in relation to the repurchase of Shares to the Board of Directors for repurchasing A Shares and/or H Shares of the Company during the relevant period
2020 first EGM	Date	August 5, 2020
	Location	Shenzhen CGN Building
	Attendance	Total number of shares with voting rights represented by the shareholders attending the 2020 first EGM in person or by proxy was 37,226,815,476 shares, representing approximately 73.7% of the total number of shares.
	Resolutions considered and approved	Ordinary resolutions: Re-election and appointment of Directors Re-election and appointment of Supervisors Remuneration of Directors and Supervisors
		Special resolutions: The amendments to the Procedural Rules of General Meetings The amendments to the Procedural Rules of The Board of Directors

We are serious about the organization and convening of each general meeting. All Directors 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 annual general meeting, and replied to questions about audit practices, preparation and contents of the auditors' report, accounting policies and independence of auditors. The 2020 annual general meeting is expected to be held in May 2021.

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 2020:



- Regular report: Annual report, interim report, quarterly report, quarterly operation briefings and ESG report of the Company are released from time to time.
- General meeting: the 2019 AGM/the 2020 first H shareholders' class meeting/the 2020 first A shareholders' class meeting were held in Shenzhen, Guangdong Province, China on May 20, 2020; the 2020 first EGM was held in Shenzhen, Guangdong Province, China on August 5, 2020.
- Results announcement conference: The 2019 annual results announcement conference was held in Shenzhen on March 26, 2020; the 2020 interim results announcement conference call was held on August 27, 2020.
- Results roadshow: The Company organized annual results roadshow in March 2020 and interim results roadshow in August 2020.
- 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.

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- 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 2020 and quarterly report teleconferences in April and October 2020.
- Online communication: In December 2020, 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.

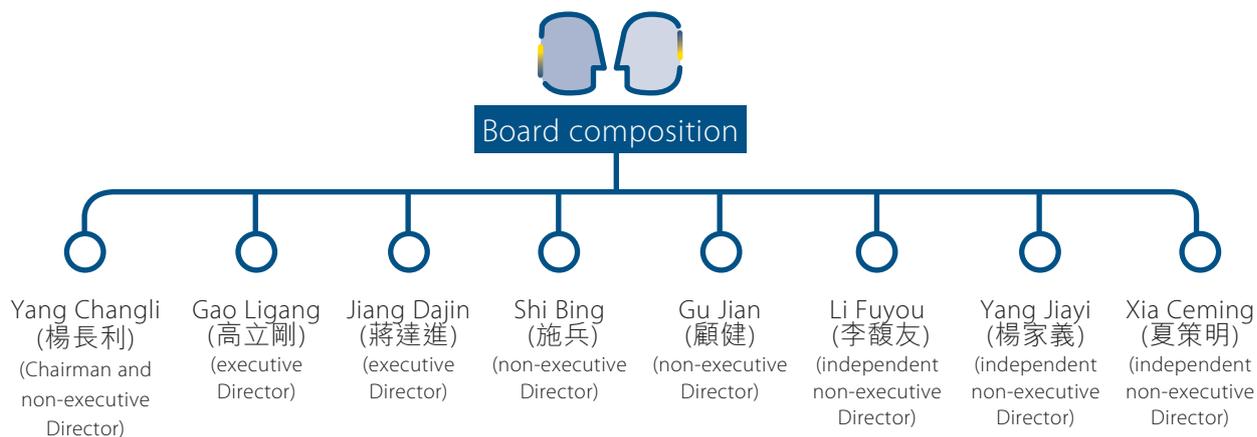
Board of Directors

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 and safety management, 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 nine Directors. As at the date of this report, the Board of the Company comprised eight Directors. Mr. Wang Wei resigned as a non-executive Director of the Company on February 25, 2021. 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 three independent non-executive Directors. Each of the independent non-executive Directors has confirmed that he is independent of the Company, thereby contributing to critical review and monitoring of management process. The Company is planning the appointment of new non-executive Directors and will make a separate announcement in due course.



(as of the date of this report)

On August 5, 2020, the Company convened the 2020 first EGM, where members of the third session of the Board and members of the third session of the Supervisory Committee were elected. On the same day, Mr. Yang Changli was elected as the Chairman of the Company at the first meeting of the third session of the Board. New chairmen and members of four special committees of the Board (namely the audit and risk management committee, the remuneration committee, the nomination committee and the nuclear safety committee) were elected. Please refer to reports of these special committees for details of name lists.

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 2020 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 Listing Rules 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 82 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 Listing Rules.

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

Corporate Governance Report

resolutions regarding major connected transactions and contracts. Directors shall not vote on any contract, transaction, arrangement or proposal in which he/she or any of his/her associates is materially interested, nor shall 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. Gao Ligang, being a Director, shall refrain from voting at the Board meeting at which we considered and approved the appointment of the President of the Company.

Duties of the Board

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

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

The major responsibilities of the Board include:

- formulating strategic guideline of the Company;
- developing working targets of the management;
- evaluating the performance of the management;
- ensuring the Company implements a prudent and effective regulatory framework to evaluate and manage risks;
- performing the function of corporate governance for the Company or arranging for one or more committees to perform related duties; and
- 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, providing Directors with reference for the rules and guidelines of duty performance.

The main corporate governance duties of the Board include:

- developing and reviewing the policies and practices regarding the corporate governance of the Company;
- reviewing and monitoring the training and continuous professional development of the Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the rules regarding code of conduct applicable to employees and Directors; and
- 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 access and consult with the Company's senior management independently. The daily management, administration and operation of the Company are delegated to the senior management. The delegated functions and responsibilities will be reviewed by the Board on a regular basis.

Board Committees

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

Corporate Governance Report

Audit and Risk Management Committee

Please refer to the "Audit and Risk Management Committee Report" set out on page 140 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;
- 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 141 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 2020.

The duties and responsibilities of the committee mainly include:

- To study the remuneration policy, structure and procedures for formulating remuneration policies (including benefits in kind, pensions and compensation payments) 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.

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Nomination Committee

Please refer to the “Nomination Committee Report” set out on page 143 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 recommend individuals suitable to become directors and President; 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 145 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 eleven Board meetings (including six regular Board meetings and five 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	Fourteenth meeting of the second session of the Board of Directors	January 8, 2020	Physical
2	Thirteenth extraordinary meeting of the second session of the Board of Directors	February 17, 2020	By teleconference
3	Fourteenth extraordinary meeting of the second session of the Board of Directors	March 9, 2020	By teleconference
4	Fifteenth meeting of the second session of the Board of Directors	March 25, 2020	Physical
5	Sixteenth meeting of the second session of the Board of Directors	April 28, 2020	Physical
6	Seventeenth meeting of the second session of the Board of Directors	May 20, 2020	Physical
7	Fifteenth extraordinary meeting of the second session of the Board of Directors	June 18, 2020	By teleconference
8	Sixteenth extraordinary meeting of the second session of the Board of Directors	July 20, 2020	By teleconference
9	First meeting of the third session of the Board of Directors (extraordinary meeting)	August 5, 2020	Physical
10	Second meeting of the third session of the Board of Directors	August 26, 2020	Physical
11	Third meeting of the third session of the Board of Directors ^{Note}	October 27, 2020	Physical

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

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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:



- 2020 Operational Plan
- 2020 Comprehensive Risk Management Report
- 2020 Internal Audit Plan
- Election of Chairman of the Company
- Appointment of President of the Company
- Amendment to the Corporate Governance Code of the Company
- Appointment of the secretary of the Board and the joint company secretary

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
Zhang Shanming ⁽¹⁾	Chairman of the Board and Non-executive Director Chairman of the Nuclear Safety Committee Member of the Nomination Committee	2/2	-	-	-	0/1	-
Yang Changli ⁽²⁾⁽³⁾	Chairman of the Board and Non-executive Director Chairman of the Nuclear Safety Committee Member of the Nomination Committee	6/6	-	-	3/3	1/1	1/1
Gao Ligang ⁽³⁾	Executive Director and President Member of the Nuclear Safety Committee	11/11	-	-	-	2/2	2/2
Tan Jiansheng ⁽⁴⁾	Non-executive Director	5/6	-	-	-	-	0/1
Jiang Dajin ⁽³⁾	Non-executive Director	3/3	-	-	-	-	-
Shi Bing ⁽³⁾	Non-executive Director	11/11	-	-	-	-	2/2
Wang Wei ⁽³⁾⁽⁵⁾	Non-executive Director Member of the Remuneration Committee Member of the Nuclear Safety Committee	5/6	-	1/1	-	0/1	1/1

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
Zhang Yong ⁽⁶⁾	Non-executive Director Member of the Audit and Risk Management Committee Member of the Nuclear Safety Committee	8/8	3/3	-	-	1/1	1/2
Gu Jian ⁽³⁾	Non-executive Director Member of the Audit and Risk Management Committee Member of the Nuclear Safety Committee	3/3	1/2	-	-	1/1	-
Na Xizhi ⁽⁶⁾	Independent non-executive Director Chairman of the Nomination Committee Member of the Audit and Risk Management Committee Member of the Nuclear Safety Committee	8/8	3/3	-	4/4	1/1	2/2
Hu Yiguang ⁽⁶⁾	Independent non-executive Director Chairman of the Remuneration Committee Member of the Nomination Committee	8/8	-	4/4	4/4	-	1/2
Francis Siu Wai Keung ⁽⁶⁾	Independent non-executive Director Chairman of the Audit and Risk Management Committee Member of the Remuneration Committee	8/8	3/3	4/4	-	-	0/2
Li Fuyou ⁽³⁾	Independent non-executive Director Chairman of the Nomination Committee Member of the Audit and Risk Management Committee Member of the Nuclear Safety Committee	3/3	2/2	-	1/1	1/1	-
Yang Jiayi ⁽³⁾	Independent non-executive Director Chairman of the Audit and Risk Management Committee Member of the Remuneration Committee	3/3	2/2	0/0	-	-	-
Xia Ceming ⁽³⁾	Independent non-executive Director Chairman of the Remuneration Committee Member of the Nomination Committee	3/3	-	0/0	1/1	-	-

Corporate Governance Report

Notes:

- (1) Mr. Zhang Shanming resigned from his positions as the Chairman, non-executive Director and members of relevant special committees of the second session of the Board due to changes in his work commitments, which became effective on March 3, 2020.
- (2) Mr. Yang Changli was elected as non-executive Director at the 2019 AGM and was appointed as the Chairman at the Board meeting held on the same day, which became effective on May 20, 2020.
- (3) At the 2020 first EGM, Mr. Gao Ligang and Mr. Jiang Dajin were elected as the executive Directors of the third session of the Board, Mr. Yang Changli, Mr. Shi Bing, Mr. Wang Wei and Mr. Gu Jian were elected as the non-executive Directors of the third session of the Board, and Mr. Li Fuyou, Mr. Yang Jiayi and Mr. Xia Ceming were elected as the independent non-executive Directors of the third session of the Board for a term of three years, which became effective on August 5, 2020. At the first meeting of the third session of the Board held on the same day, Mr. Yang Changli was elected as the Chairman of the Company, which became effective on August 5, 2020.
- (4) Mr. Tan Jiansheng had reached the age of retirement and resigned as the non-executive Director of the second session of the Board, which became effective on June 4, 2020.
- (5) Mr. Wang Wei was elected as non-executive Director at the 2019 AGM, which became effective on May 20, 2020. Mr. Wang Wei resigned from his position as a non-executive Director of the third session of the Board due to changes in his work commitments, which became effective on February 25, 2021.
- (6) Due to expiration of his term of office, Mr. Zhang Yong retired from the position of non-executive Director at the 2020 first EGM, which became effective on August 5, 2020. Due to expiration of their term of office, Mr. Na Xizhi, Mr. Hu Yiguang and Mr. Francis Siu Wai Keung retired from the position of independent non-executive Director at the 2020 first EGM, which became effective on August 5, 2020.

Certain Directors failed 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 and financial information.

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 Directors of the Company have received the following trainings in relation to the roles, functions and duties of directors of listed companies for the year ended December 31, 2020.

Director	Type of training		
	Reading Materials	Specific Training	On-site Inspections
Zhang Shanming ⁽¹⁾	√		
Yang Changli	√	√	
Gao Ligang	√	√	
Tan Jiansheng ⁽²⁾	√	√	
Jiang Dajin	√	√	
Shi Bing	√	√	
Wang Wei	√	√	√
Zhang Yong ⁽³⁾	√	√	
Gu Jian	√	√	
Na Xizhi ⁽³⁾	√	√	
Hu Yiguang ⁽³⁾	√	√	
Francis Siu Wai Keung ⁽³⁾	√	√	
Li Fuyou	√	√	√
Yang Jiayi	√	√	√
Xia Ceming	√	√	√

Notes:

- (1) Mr. Zhang Shanming resigned from his positions as the Chairman, non-executive Director and members of relevant special committees of the second session of the Board due to changes in his work commitments, which became effective on March 3, 2020.
- (2) Mr. Tan Jiansheng had reached the age of retirement and resigned as the non-executive Director of the second session of the Board, which became effective on June 4, 2020.
- (3) Due to expiration of his term of office, Mr. Zhang Yong retired from the position of non-executive Director at the 2020 first EGM, which became effective on August 5, 2020. Due to expiration of their term of office, Mr. Na Xizhi, Mr. Hu Yiguang and Mr. Francis Siu Wai Keung retired from the position of independent non-executive Director at the 2020 first EGM, which became effective on August 5, 2020.

Corporate Governance Report

Reading Materials: Company Management Monthly Report

- Once a month and a total of 12 issues.

Specific Trainings:

- On April 28, 2020, a lecture on legal risks of intellectual properties was given by our internal experts on intellectual properties.
- On August 6, 2020, a lecture on responsibilities and duties of Directors and Supervisors was given by the legal advisors of the Company.
- On October 27, 2020, a lecture on changes of domestic and overseas regulations and hot spots in the capital market was given by the sponsor of the Company. A lecture on corporate value management, hot spots in the capital market as well as directions of capital operation was given by a chief analyst of an investment bank specializing in utilities, environmental protection and mining industries.
- On November 19, 2020, the Shenzhen CSRC held A Conference on Quality Enhancement of Listed Companies. Its main topics consisted of analysis of capital market situations and regulatory policy directions, interpretation of Opinions of the State Council for Further Improving the Quality of Listed Companies, notifications related to development and risk profiles of listed companies in Shenzhen, and promulgation of additional regulatory requirements to further improve quality of listed companies.
- Mr. Gao Ligang, being an executive Director and the President, attended the first, second, third and fourth sessions of Online Training Course for Chairmen and General Managers of Listed Companies in 2020 organized by China Association for Public Companies. The main topics included interpretation of new Securities Law, regulations on financial information disclosure by listed companies, duty performance in accordance with laws and regulatory measures during COVID-19.
- Mr. Yang Changli, the Chairman, attended the second, fourth, tenth and eleventh sessions of Online Training Course for Chairman and General Manager of Listed Companies in 2020 organized by China Association for Public Companies. The main topics included regulations on financial information disclosure by listed companies, regulatory measures during COVID-19, protection of medium and small investors, leveraging capital market mechanism and targeted poverty alleviation.
- From August 13 to 27, 2020, Mr. Xia Ceming, being an independent non-executive Director, attended the 113th session of Online Training Course for 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.



The Directors and Supervisors conducted on-site inspection at DNMC.

The Directors and Supervisors conducted on-site inspection at CGN Operations, CNPRI and China Nuclear Power Design Co., Ltd. (Shenzhen) (深圳中廣核工程設計有限公司).

The Directors and Supervisors conducted on-site inspection at Fangchenggang Nuclear.

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.



Corporate Governance Report

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 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 to the company secretary on a timely basis the information required to be disclosed in connection with matters needing disclosure by individuals under the Listing Rules.

Directors' Interest

As recorded in the register required to be kept pursuant to Section 352 of Part XV of the Hong Kong Securities and Futures Ordinance, none of the Directors held any shares of the Company or any of the Company's associated corporations as of December 31, 2020.

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 2020.

Roles of Chairman and President

According to the requirements of provision A.2.1 of the Hong Kong Stock Exchange Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. In 2020, Mr. Zhang Shanming (resigned as the Chairman on March 3, 2020), Mr. Yang Changli (appointed as the Chairman on May 20, 2020) 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, 2020 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" of this Annual Report on page 162.

Supervisory Committee

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

Corporate Governance Report

Company Secretary

Mr. Jiang Dajin tendered his resignation as a joint company secretary and the secretary of the Board of the Company due to changes in work commitment. Mr. Yin Engang, being the chief financial officer, was appointed as a joint company secretary and the secretary of the Board of the Company by the Board. The resignation of Mr. Jiang Dajin and the appointment of Mr. Yin Engang both became effective on August 5, 2020. Yin Engang, being the chief financial officer, a joint company secretary and the secretary of the Board, serves as the main contact person of the Company. To comply with the Listing Rules, the Company has appointed Mr. Lee Kwok Fai Kenneth of TMF Hong Kong Limited as the other 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, Board and Board committees 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 Mr. Lee Kwok Fai Kenneth, had taken not less than 15 hours of relevant professional training during the financial year ended December 31, 2020.



Mr. Yin Engang was rated as the “Best Board Secretary of the Year” in the “2020 Greater China Best Listed Companies” held by Gelonghui

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 prepared 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.

In 2020, we strengthened the deployment of disciplinary staff in certain members of the Group, optimized and improved our handling procedures on noncompliance and disciplinary matters. By exposing typical cases of violating discipline and regulations by internal employees in recent years, we strengthened promotion of honest practices among the staff through various methods, which were well received by the staff. In 2020, we found 28 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 141 of this Annual Report.

The Company has attached great importance to the continuous professional development of management and staff. The details of its talent cultivation are set out in the “Human Capital” on page 56 of this Annual Report.

Corporate Governance 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 89 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 audit department include:

 <p>Unrestricted access to review all aspects of the activities and internal controls of the Company;</p>	 <p>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</p>	 <p>Specific reviews or audits of areas of concern identified by management or the Audit and Risk Management Committee.</p>
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The manager of the 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 2020, the audit department of the Company conducted specific audits on key areas of management such as internal control, risk management, production and operation management, business management, safety, quality and environmental management, engineering management as well as 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 2020 prepared by the Company in accordance with the CASBE. The auditing expenses for the Group for 2020 were about RMB8.79 million and the auditor of the Company does not provide non-auditing services.

KPMG Huazhen LLP was proposed to be reappointed by the Company as the external auditor of the Company for 2021 to undertake audit and interim review work for 2021, and Pan-China Certified Public Accountants LLP was proposed to be appointed to undertake internal control audit work for 2021. Its term of appointment will last until the conclusion of the 2021 AGM (subject to approval at the 2020 general meeting).

Other Stakeholders

Other stakeholders of the Company include customers, partners, social environment and regulators, details of which are set out in the 2020 ESG Report of the Company.

Internal Control Risk Management

Unified
Leadership

Hierarchical
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

Unified Theory
and Methods

Multi-Layer
Establishment
and Divided
Responsibilities

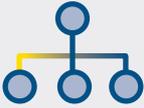
Based on the principle of “unified theory and methods, multi-layer establishment and divided responsibilities”, the “Basic Standards of Internal Control for Enterprises” 《企業內部控制基本規範》 and its guidelines and taking into account of the business characteristics of the Company, the Company established the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

Corporate Governance Report

Key Elements of Internal Control	Initiatives
 <p data-bbox="225 590 381 659">Internal Environment</p>	<p data-bbox="467 407 1394 476">The corporate governance structure specifies the management authority at various levels</p> <p data-bbox="467 487 1394 556">Internal organizations and posts clearly define the allocation of responsibilities and powers</p> <p data-bbox="467 567 826 595">The internal supervision system</p> <p data-bbox="467 605 699 633">Corporate strategies</p> <p data-bbox="467 646 1018 674">Integrity and moral values and corporate culture</p> <p data-bbox="467 685 703 713">Competency of staff</p>
 <p data-bbox="233 842 373 911">Risk Assessment</p>	<p data-bbox="467 741 1394 853">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>
 <p data-bbox="245 1134 357 1203">Control Activities</p>	<p data-bbox="467 931 1394 1043">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 data-bbox="467 1054 1394 1166">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 data-bbox="467 1177 1394 1289">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>
 <p data-bbox="181 1371 424 1440">Information and Communication</p>	<p data-bbox="467 1304 1394 1416">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>
 <p data-bbox="233 1558 373 1627">Internal Supervision</p>	<p data-bbox="467 1459 1241 1487">Regularly evaluating the implementation of systems and procedures</p> <p data-bbox="467 1498 1102 1526">Independent internal monitoring and auditing activities</p> <p data-bbox="467 1539 1150 1567">Self-assessment of internal control system on a regular basis</p>

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 2020 of the Company (the “**Internal Control Assessment Proposal**”), which clearly provides the evaluation covers the full 2020 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 in August 2020.

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 2020. 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 35 major subsidiaries, which covered all business segments and major business areas of the Company; as of December 31, 2020, the aggregate net assets and operating revenue of the aforesaid companies represented approximately 99.98% and 100% of the net assets and operating revenue of the Group, respectively. None of those subsidiaries which were not included in this evaluation had business or matters which would materially affect the Company’s operation and management. Each of those entities which are included in the relevant evaluation shall, based on its own business characteristics and key points of management, follow the principles of comprehensiveness and importance to incorporate key business areas and major business processes into the scope of evaluation. Overall, 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 of the benchmark date (December 31, 2020) 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 of the benchmark date (December 31, 2020) of the internal control evaluation report, the Company was not aware of any material defect in the internal control on non-financial reporting. From the benchmark date of the internal control evaluation report up to the issue date of the internal control evaluation report, there were no factors which would affect the evaluation conclusion of effectiveness of internal controls.

Corporate Governance Report

Monitoring inside information

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



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 2020, 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. In 2020, 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, 2020, please refer to page 166 to 309.

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 170.

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 2020, please refer to the "Finance, Assets and Investment" from page 22 to 29 and the "Business Performance and Outlook" from page 32 to 45.

For the major risks and uncertain factors faced by the Group, please refer to the "Risk Management Report" of this Annual Report from page 150 to 159.

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 32 to 45, and the "Risk Management Report" from page 150 to 159.

The relationships between the Group and its connected persons of major business are set out in the "Directors' Report" of "Corporate Governance" of this Annual Report from page 125 to 139.

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 34 to 44, the "Corporate Governance Report" from page 88 to 124, and the "Supervisory Committee Report" from page 146 to 149.

Directors' Report

Save as disclosed in "Events after the Reporting Period" on page 135, there is no event that had a significant impact on the Group's operation, financial and trading prospects from January 1, 2021 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 RMB10,857.0 million. In 2019, a total amount of RMB21,897.4 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) 15, and 16 to the Financial Statements.

Bank Borrowings and Other Borrowings

The total borrowings of the Group as of December 31, 2020 amounted to approximately RMB207,445.4 million (2019: RMB213,002.3 million). Details of borrowings are set out in Note (V) 24, 31, 33 and 34 to the Financial Statements.

Finance Costs Capitalized

Finance costs amounting to approximately RMB1,449.1 million (2019: approximately RMB2,265.3 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.

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 H-share 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, 2020, 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, 2020, 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, 2019	Increase/(decrease) due to changes during the reporting period	December 31, 2020
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 88.

Particulars of Board Meetings

The details of 2020 Board meetings of the Company are set out in "Particulars of Board Meetings" on page 109 of this Annual Report.

Directors

On March 3, 2020, Mr. Zhang Shanming, Chairman and non-executive Director of the Company, resigned from his position as Chairman, non-executive Director, a member of the Nomination Committee and the chairman of the Nuclear Safety Committee due to changes in his work commitments. On June 4, 2020, Mr. Tan Jiansheng retired at the retirement age and resigned as a non-executive Director of the second session of the Board of the Company. On May 20, 2020, Mr. Yang Changli and Mr. Wang Wei were elected as non-executive Directors at the 2019 AGM. Mr. Yang Changli was elected as Chairman at the Board meeting held on that day. On August 5, 2020, Mr. Gao Ligang and Mr. Jiang Dajin were elected as executive Directors of the third session of the Board of the Company, Mr. Yang Changli, Mr. Shi Bing, Mr. Wang Wei and Mr. Gu Jian as non-executive Directors of the third session of the Board of the Company, and Mr. Li Fuyou, Mr. Yang Jiayi and Mr. Xia Ceming as independent non-executive Directors of the third session of the Board of the Company at the 2020 first extraordinary general meeting of the Company. Mr. Yang Changli was also elected as Chairman at the first meeting of the third session of the Board held on the same day. On February 25, 2021, Mr. Wang Wei resigned from his position as non-executive Director as well as member of each of the Remuneration Committee and the Nuclear Safety Committee due to changes in his work commitments. The resignation of Mr. Wang Wei will neither cause the number of incumbent members of the Board to fall short of the quorum as provided by the Company Law of the People's Republic of China nor have any effect on the normal operations of the Company.

Directors' Report

The biographical details of current Directors are set out in "Board of Directors, Supervisors and Senior Management" on page 82 of this Annual Report. Details of Directors' remuneration are set out in "Remuneration Committee Report" of this Annual Report on page 141 and Note (X) 5(6) to the Financial Statements.

Supervisors

On June 15, 2020, Ms. Zhu Hui and Mr. Wang Hongxin were elected as employee representative Supervisors of the third session of the Supervisory Committee at the employee representative meeting of the Company. On August 5, 2020, Mr. Chen Sui, Mr. Hu Yaoqi and Mr. Zhang Baishan were elected as non-employee representative Supervisors of the third session of the Supervisory Committee at the 2020 first extraordinary general meeting of the Company. Mr. Chen Sui was elected as the chairman of the Supervisory Committee at the first meeting of the third session of the Supervisory Committee held on the same day.

The biographical details of the current supervisors are set out in "Board of Directors, Supervisory Committee and Senior Management" on page 82 of this Annual Report. Details of Supervisors' remuneration are set out in "Remuneration Committee Report" of this Annual Report on page 141 and Note (X) 5(6) to the Financial Statements.

Senior Management

On March 25, 2020, Mr. Gao Ligang was re-appointed as the president of the Company and Mr. Su Shengbing was re-appointed as the vice president of the Company at the fifteenth meeting of the second session of the Board of the Company. On August 5, 2020, Mr. Yin Engang was appointed as the joint company secretary and the secretary of the Board at the first meeting of the third session of the Board of the Company. On October 27, 2020, Mr. Yin Engang was re-appointed as the chief financial officer of the Company at the third 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 82 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 141 and Note (X) 5(6) to the Financial Statements.

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, 2020.

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

Pursuant to Divisions 2 and 3 of Part XV of the Hong Kong Securities and Futures Ordinance, the interests/short positions of the following persons (other than the Directors, Supervisors and Chief Executive Officers of the Company) in the shares and relevant shares of the Company as at December 31, 2020 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, 2020:

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 Issued Shares of the Company
CGNPC	Beneficial owner	29,176,641,375 (A Shares)	74.17%	57.78%
		103,726,000 (H Shares)	0.93%	0.20%
Hengjian Investment	Beneficial owner	3,428,512,500 (A Shares)	8.72%	6.79%
China Life Insurance Company Limited	Beneficial owner	1,340,057,000 (H Shares)	12.00%	2.65%
NSSF	Beneficial owner	1,014,875,000 (H Shares)	9.09%	2.01%

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

Pursuant to Divisions 2 and 3 of Part XV of the Hong Kong Securities and Futures Ordinance, no shareholders of the Company held short positions in the shares of the Company as at December 31, 2020.

Interests of Other Persons

As of December 31, 2020, the Company had not been notified of any persons other than the above shareholders who had interests or short positions in the shares or underlying shares of the Company, under Divisions 2 and 3 of Part XV of the Hong Kong Securities and Futures Ordinance.

Directors' Report

Material Contracts with Controlling Shareholder

Save as disclosed in the section headed "Connected Transactions" of this Annual Report on page 135, 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 135.

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

For the year ended December 31, 2020, 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' Interests in Competing Businesses

For the year ended December 31, 2020, 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 and general manager of CGNPC
Gao Ligang	Executive Director	Chairman of the board of GNS
Shi Bing	Non-executive Director	Deputy 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, 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 135 in this Annual Report.

Directors' 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, 2020, our reserves available for distribution to our equity holders amounted to approximately RMB28,989.9 million (representing retained earnings of the parent company of approximately RMB28,989.9 million).

Management Contracts

For the year ended December 31, 2020, 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.

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 99.12% 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 56.66% 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 16.77% 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. (福建省電力有限公司) (representing 13.77% 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 8.01% 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 3.90% 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 63.83% of the Group's total annual procurement. Below is the information of the top five suppliers in descending order:

1

China National Nuclear Corporation ("**CNNC**") (representing 29.51% 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.

2

CGNPC (representing 11.14% 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.

Directors' Report

3

China State Construction Engineering Corporation Ltd. ("CSCEC") (representing 10.10% 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.

4

China Communications Construction Group Corporation Limited (中國交通建設集團有限公司) ("CCCI") (representing 7.21% 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

Mingyang Smart Energy Group Limited (明陽智慧能源集團股份公司) ("**Mingyang Smart Energy**") (representing 5.87% 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.

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.

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 adhere 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 2020 ESG Report issued by the Company for more information.

Exchange Rate

For the year ended December 31, 2020, 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 67 in this Annual Report.

Events after the Reporting Period

From January 1, 2021 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 2020, 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 2020, after taking into consideration our partnership established with connected persons, familiarity with their respective businesses as well as the factors such as service quality, price and work efficiency.

One-off Connected Transaction

During the reporting period, the Group did not have any one-off connected transaction.

Continuing Connected Transactions

Due to the fact that: (1) CGNPC owns a 58.03% equity interest in the Group; and (2) HKNIC, a wholly-owned subsidiary of CLP Holdings Ltd., and CLP Nuclear Power Operations & Management (China) Limited (中電核電運營管理(中國)有限公司) hold 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) and 12.5% equity interest in DNMC (a subsidiary indirectly owned as to 87.5% 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.

Directors' Report

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 2020 are as follows:

Nature of Transaction	Annual Cap for 2020 (RMB' 000)	Actual Transaction Amount for 2020 (RMB' 000)
General Services Framework Agreement ⁽¹⁾		
Payment to the CGN Group	1,884.36	1,405.95
Receipt from the CGN Group	403.50	191.52
Technical Support and Maintenance Services Framework Agreement ⁽²⁾		
Payment to the CGN Group	1,136.12	700.59
Receipt from the CGN Group	128.20	94.44
Engineering Services Framework Agreement ⁽³⁾		
Receipt from the CGN Group	24,992.72	11,743.03
Financial Services Framework Agreement ⁽⁴⁾		
Payment to the CGN Group in relation to settlement, entrustment loans and other financial services	28.70	6.22
Maximum daily balance of deposits placed by our Group with the CGN Group and interest income	31,614.00	20,101.31
Maximum daily balance of loans provided by the CGN Group to our Group	41,130.00	25,305.90
Supplemental Agreement to the Nuclear Fuel Supply and Services Framework Agreement ⁽⁵⁾		
Payment to the CGN Group	8,930.25	488.26
Electricity Supply Arrangement under the Joint Venture Contract ⁽⁶⁾		
Tariff on sale of electricity to HKNIC	7,087.00	5,655.92

Notes:

- (1) It was renewed on March 8, 2018, which would be valid until December 31, 2021, pursuant to which the Group and CGN Group will provide general services to each other.
- (2) It was renewed on March 8, 2018, 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.
- (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, which would be valid until December 9, 2021, pursuant to which CGN Group will provide financial services to us.
- (5) It was entered into on November 21, 2014 on normal commercial terms and the supplemental agreement to the 2014 Nuclear Fuel Supply and Services Framework Agreement was entered into on September 25, 2016, and would be valid until December 31, 2023, pursuant to which CGN Group will provide us with nuclear fuel supplies and services. Pursuant to the 2014 Nuclear Fuel Supply and Services Framework Agreement, in 2020, the annual cap of total amount payable to the CGN Group by the Group was RMB4,678.00 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.
- (6) 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 2020 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.

Connected Transaction Management

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

We have formulated a series of internal control measures. Based on the past experience in the management of connected transactions, we continuously improve the connected transaction management system and management procedures, standardize the pricing principle and method of connected transactions, manage the assignment of responsibility and decision making authority, and specify the requirements for information disclosures. During the execution of the connected transactions, we have strictly complied with the connected transaction management system and procedures. For example, we report the execution of continuing connected transactions during the year, management of connected transactions during the year and the audit opinion from external auditors to the independent non-executive Directors on an annual basis.

In 2020, when carrying out management of connected transactions, we adopted a series of measures to ensure the compliance with relevant laws and regulations in respect of connected transactions. We continued to timely update the list of connected persons from time to time every year, and carried out regular updates at least every six months to ensure the integrity of monitoring on connected transactions. At the same time, we continued our quarterly review on the management of connected transactions and the execution of annual caps within the Group, and made analysis and corrections promptly on the problems found during review, thereby ensuring that the continuing connected transactions were conducted in compliance with the terms of the relevant framework agreement of continuing connected transactions. According to the Company's practice of connected transaction management ever since its listing, we have compiled various cases studies to learn from past experiences, so as to enhance management efficiency. We cooperated with the audit department of the Company to conduct internal audits on A-share connected transactions every six months, and simultaneously review the audit results in accordance with the Listing Rules on the management requirements of connected transactions, in order to further optimize management methods. Meanwhile, we continued to organize trainings for our major subsidiaries and major connected persons, and strengthened the communication with new management personnel of connected transactions in our subsidiaries, which enabled better understanding and performance of the management requirements of the Company.

Directors' Report

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

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

- nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;
- 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;
- 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 agreements governing such transactions; and
- 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.

Permitted Indemnity Provisions

At no time during the year ended December 31, 2020 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 56 and the section headed "Remuneration Committee Report" on page 141.

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(6) 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 141.

Charitable Donations

For the year ended December 31, 2020, the Group adhered to the national planning on poverty alleviation in the new era and make active efforts in poverty alleviation to fulfill its social responsibilities. In 2020, the Group incurred a total of RMB70.9158 million for poverty alleviation and other donations.

The Board of Directors
March 18, 2021

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), Li Fuyou (李馥友) (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 83 to 84 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, and 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 available on the websites of the Company and the Hong Kong Stock Exchange. For details, please refer to the “Corporate Governance Report” on page 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 2020, learning from and applying the spirit of the 19th National Congress of the Communist Party of the PRC, all members of 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 department of the Company, they also advised on the Company’s management and operation based on the key tasks of the Company, enabling the Company to improve the level of internal control and strengthen risk prevention and control, and thus exercised the functions as a professional committee effectively.

In 2020, the Audit and Risk Management Committee convened five meetings to consider 17 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 and the appointment of audit firms of the Company for 2020, as well as the resolutions in relation to the internal control and risk management, including the internal control assessment report and risk management assessment report for the year 2019, and the internal control assessment plan and risk management assessment plan for the year 2020. The committee also considered the resolutions in relation to the annual plans concerning the relevant work such as the 2020 internal audit plan of the Company and working plan of the committee so as to make reasonable arrangement for the relevant audit and its own work.

Audit and Risk Management Committee
March 18, 2021

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 Wei (王維) (a non-executive Director, resigned on February 25, 2021). The details of their personal particulars are set out in the “Board of Directors, Supervisory Committee and Senior Management” on page 84 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 2020, the Remuneration Committee convened four meetings to consider four resolutions. Independent opinions were expressed at each committee meeting, which were reported to the Board by the chairman of the committee. The committee monitored and assessed the performance of executive Directors, had discussions on the assessment criteria of the management, and reviewed and evaluated their work on a regular basis, pursuant to which the committee also discussed the remuneration of executive Directors and senior management and made recommendation to the Board.

Remuneration Committee Report

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 provisions, and with reference to the appointments held by the Director in the Board Committees.

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

The remuneration for the Supervisors appointed by the controlling shareholder 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 for non-employee representative Supervisors is determined by factors such as the size of the Company and the industry in which the Company operates.

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 2020 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 in 2019, please refer to Note (X) 5(6) to the financial statements.

	Fees	Salaries, other allowances and discretionary bonus	Pension scheme ^{Note} contributions	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
Directors	1,142	2,044	203	3,388
Supervisors	200	2,274	187	2,661
Senior management	—	4,566	309	4,875

Note: 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 18, 2021

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 82 to 84 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 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 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



In 2020, the Nomination Committee convened five meetings to consider seven resolutions. Independent opinions were expressed at each committee meeting, which were reported to the Board by the chairman of the committee. The independence of independent Directors was examined, the structure and composition of the Board was reviewed in accordance with the Board Diversity Policy of CGN Power Co., Ltd., and issues such as performance report of directors were reviewed and considered at the meetings.

The Nomination Committee reviewed and considered that: the current session of the Board comprises of eight Directors, which meets the statutory requirement; 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 deed 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.

The election of the new session of the Board was the key task of the Board in 2020. The Nomination Committee planned ahead of schedule, reviewed the work plan for the election of the new session of the Board in 2019, and kept on supervising the implementation of such plan. With the joint efforts of all parties, the election of the new session of the Board was successfully completed.

For the appointment of the president, vice presidents, chief financial officer, secretary of the Board and other senior management personnel by the Board, the Nomination Committee submitted its review opinions on qualification to the Board for its reference in decision-making.

Nomination Committee Report

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 the Company 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 18, 2021

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 Wei (王維) (a non-executive Director, resigned on February 25, 2021), 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” of this Annual Report on page 82 to 83.

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 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 Company’s relevant departments. The Nuclear Safety Committee may, if needed, engage relevant professional institutions and listen to experts’ advice from professional institutions before making 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 2020, the Nuclear Safety Committee convened two meetings to consider four resolutions, including safety and quality control, special safety inspection of nuclear power bases (nuclear) in operation, feedback to and improvement in heat sink incidents at multi-site plants, and relevant indicator benchmarking and improvement work of the Company. All members expressed independent opinions, which were reported to the Board by the chairman of the committee. The Nuclear Safety Committee considered that the safety management work of the Company in 2020 focused on on-site operations with active and effective measures taken to mitigate the impact of the pandemic, and ensured the safe and stable operation of the Company’s nuclear power generating units in operation. 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 innovative technology, and continue to promote high-quality development, so as to ensure that the operational objectives of the Company are achieved.

Nuclear Safety Committee
March 18, 2021

Supervisory Committee Report

Composition

The Company has five Supervisors, of which two 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. Their biographical details are set out in the “Board of Directors, Supervisory Committee and Senior Management” on page 84 to 86 of this Annual Report.

The Supervisory Committee shall convene at least two regular meetings per year, and extraordinary meetings of the Supervisory Committee 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 People's Republic of China, 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 People's Republic of China;
- 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 seven 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 plan of the Company. The Chairman of the Supervisory Committee attended or appointed Supervisor representatives to attend all general meetings and supervised the voting results of the general meeting.

The meetings convened by the Supervisory Committee in 2020 are as follows:

Number	Meeting	Date	Method of Convening	Attendance/ Number of Supervisors
1	Seventeenth meeting of the second session of the Supervisory Committee	January, 7 2020	Physical	5/5
2	Eighteenth meeting of the second session of the Supervisory Committee	March 24, 2020	Physical	5/5
3	Nineteenth meeting of the second session of the Supervisory Committee	April 27, 2020	By teleconference	5/5
4	Twentieth meeting of the second session of the Supervisory Committee	June 18, 2020	By teleconference	5/5
5	First meeting of the third session of the Supervisory Committee	August 5, 2020	Physical	5/5
6	Second meeting of the third session of the Supervisory Committee	August 26, 2020 ^{note}	Physical	4/5
7	Third meeting of the third session of the Supervisory Committee	October 27, 2020	Physical	5/5

Note: Mr. Hu Yaoqi did not attend the second meeting of the third session of the Supervisory Committee in person due to other business affairs, and appointed the chairman of the Supervisory Committee to attend the meeting on his behalf and expressed his opinion on voting for the issues.

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 2019
- Annual Report of the Company for 2019
- Annual Results Announcement of the Company for 2019
- Financial Report of the Company for 2019
- Internal Control Assessment Report of the Company for 2019
- Profit Distribution Plan of the Company for 2019
- First Quarterly Report of the Company for 2020
- Interim Financial Report of the Company for 2020
- Interim Report of the Company for 2020
- Interim Results Announcement of the Company for 2020
- Third Quarterly Report of the Company for 2020
- Election of the new session of the Supervisory Committee
- Election of the chairman of the Supervisory Committee
- Change in the Use of Certain Funds Raised from H Shares
- First Batch of the Second Issue of the Shares Appreciation Rights Scheme of the Company

Supervisory Committee Report

The Supervisors of the Company attended all on-site Board meetings in 2020.

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 2020, 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	√	–
Yang Lanhe ^{Note}	Non-employee representative Supervisor	√	–
Chen Rongzhen ^{Note}	Non-employee representative Supervisor	√	–
Hu Yaoqi ^{Note}	Non-employee representative Supervisor	√	√
Zhang Baishan ^{Note}	Non-employee representative Supervisor	√	√
Zhu Hui	Employee representative Supervisor	√	–
Wang Hongxin	Employee representative Supervisor	√	–

Note: Mr. Yang Lanhe and Mr. Chen Rongzhen retired as non-employee representative Supervisors due to the expiry of their term of office at the 2020 first extraordinary general meeting. Mr. Hu Yaoqi and Mr. Zhang Baishan were appointed as non-employee representative Supervisors at such general meeting, with effect from August 5, 2020.

Independent Opinions of the Board of Supervisors on relevant issues

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 PRC Company Law, the PRC Securities Law, 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.

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 are true and reliable under its regulated financial auditing and sound internal control system.

Use of Funds Raised by the Company

During the reporting period, the unused proceeds from the IPO of H shares with change of use approved at the 2019 AGM were all used in the way as approved at such general meeting.

Independent opinions of the Company's internal control system

In accordance with the requirements of the relevant provisions of the Basic Standards of Internal Control for Enterprises 《企業內部控制基本規範》, upon adequate verification of the Company's internal control operation, the Supervisory Committee is of the view that the existing internal control system of the Company has complied with the currently applicable laws, regulations and regulatory requirements, and can exercise effective control over risks in all material respects; and that the Internal Control Assessment Report of the Company for 2020 《公司2020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 2019" of the Company and considered that the profit distribution plan complied with relevant provisions of laws, regulations and the Articles of Association of the Company, and that the plan was in the interests of the shareholders as a whole, and was 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 PRC Company Law, the Articles of Association and the State's relevant laws and regulations, so as to enhance the Company's standard operation and safeguard the lawful interests of the Company and its shareholders.

Supervisory Committee

March 17, 2021

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 process of the Company. We need to proactively identify and manage risks to mitigate, avoid, transfer or manage the effects resulting from 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. We focus on the identification, analysis, assessment and management of relevant risks to create a safe, healthy, efficient and environment-friendly working environment for employees and contractors, while ensuring the safety and health of the public and minimizing the impacts on environment. Risk management is implemented throughout every aspect of business management and operational process. Every employee of the Company is a safeguard to risk management.

At the strategic planning level:

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

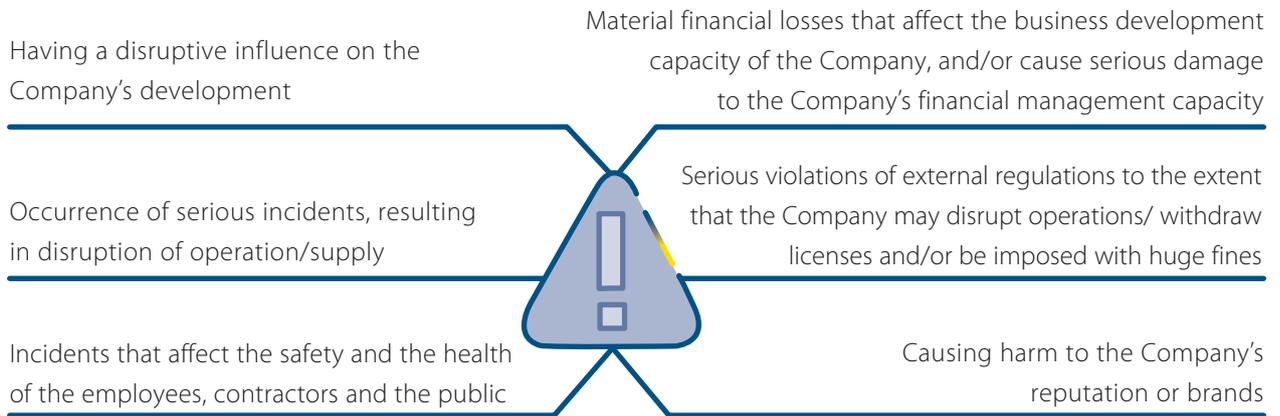
At the daily operational level:

Risk management promotes the full implementation of the Company's policy and procedures and the major measures adopted to achieve management objectives, so as to protect the effectiveness of business management, lower the uncertainties in achieving business objectives, and ensure the Company is in compliance with the related laws and regulations.

Objectives, Strategies, System and Procedure of Risk Management

Objectives and Strategies of Risk Management

The risk tolerance of the Company refers to the level of risk that the Company is willing to undertake in order to achieve its own strategic and business objectives. The Board 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:



We set up a risk management team to assess risks and rank them on 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.

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 clarifying the roles and responsibilities for risk management; and
- the following three different roles and responsibilities are included.

Risk Management Report

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.

The Procedure of Risk Management

The Company's risk management procedures:

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

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.
- 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.
- After being considered at a specific meeting organized by the President, the resulting annual risk management report 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.

Risk Management Report

Monthly risk monitoring

- The major business departments and major business units of the Company will prepare the monthly risk monitoring reports for their own units as the basis for risk information collection.
- The Risk Management Department will 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 based on pre-screened and sorted risks and the implementation of monitoring objectives, and submit to the President and the Chairman for reporting the risk status of the current month.

Risk management during the business development process

- In the process of the Company's development, when business units conduct major investment, business units must identify significant risks and put forward corresponding 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 analyze the situation of new risks brought out by external environmental changes, formulate and adopt corresponding measures. The new risks identified in internal operation and external environment which are recognized as significant risks after evaluation and analysis will be listed as key risks under monitoring until such risks are eliminated.

We firmly adhered to the same concept on risk management, continued to improve 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, facilitated each department of the Company to transit from risk warning to active management of risk, and consolidated the front line of risk management and prevention.

Key Risk Management Initiatives in 2020

In 2020, 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.

In 2020, we have identified the following major risks in the actual business development and have taken corresponding measures:

Description of risks	Key changes	Key measures
Safe and stable operation of multiple bases		
<p>Simultaneous operation and management of multiple bases have brought us many challenges.</p> <p>As multiple bases and multiple units outages interacted and overlapped, resource coordination and control needs to be strengthened.</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, the assurance of reliability of equipment of multiple bases is also an issue we need to focus on.</p>	 <ul style="list-style-type: none"> In 2020, the number of units in operation was stable at 24 units. 	<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. Step up COVID-19 prevention and control efforts such as implementing closed-off management 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

Risk Management Report

Description of risks	Key changes	Key measures
Risks of sales of electricity		
<p>The NPPs under our operation and management were affected by 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, posing challenges to the nuclear power bases in terms of sales of electricity.</p>	 <ul style="list-style-type: none"> The changes in trading mechanism of electricity arising from the power market reform influence electricity output and prices. As the increase of electricity demand slowed down, power grids request the units to operate at lower efficiency levels during holidays, the heating provision periods in winter and flood seasons. Government and power grid projects affect power transmission, lowering the efficiency levels of the units. 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 under construction are the challenges faced by us.</p>	 <ul style="list-style-type: none"> We managed seven nuclear power units under construction (including three units which were entrusted to the Company by the controlling shareholder of the Company for management). With strengthened regulation in nuclear safety, environmental protection and other aspects of the government, the challenge of risk management and control of projects under construction in relation to legal compliance will be tougher. 	<ul style="list-style-type: none"> Mobilize the upstream and downstream resources of the industry chain to entirely resume construction in progress by the end of March 2020, 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, conduct comprehensive checks on the list of safety responsibilities and risks, 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

Description of risks	Key changes	Key measures
Financial risks		
<p>Exchange rate: As RMB exchange rate fluctuated, the foreign currency debts (mainly denominated in Euro) of the Company affected our expected earnings and cash flow.</p> <p>Debts: The changing credit policies and fluctuating market interest rates affected the debt financing and cost control of the Company.</p>	<div style="text-align: center;"></div> <ul style="list-style-type: none"> In 2020, the Euro appreciated against the RMB, and the foreign currency debt risk posed adverse impacts on our earnings. <p>In 2020, the interest rate liberalization reform made steady progress. After converting the basis of pricing for loan rate to loan prime rate (LPR), the lower interest rate level had a positive influence on our earnings.</p> <ul style="list-style-type: none"> In 2020, the gearing ratio of the Company declined. The financial structure was more stable, and the cash and bank credit were well protected. 	<ul style="list-style-type: none"> The Company managed new foreign currency debts by payments for foreign commercial contracts through spot purchase of foreign exchange in RMB. We meet long-term and stable capital needs of nuclear power project investment through establishment of syndicates and long-term bank loans, set a reasonable loan term and repayment schedule to match the Company's long-term cash flow, and reduce the risk of refinancing. We optimized debt structure and reduced financing cost by measures such as increasing the scale of direct financing, reducing impact of interest rate fluctuation on the Company's operations In pace with the trend of the interest rate liberalization reform, the Company converted the basis of pricing for its existing long-term project loans to loan prime rate (LPR), seized market opportunities to commence short and medium term debt replacement and further bring the finance costs down.
<div style="text-align: center;"></div> <p>Lower than the risk level of last year</p>	<div style="text-align: center;"></div> <p>Same as the risk level of last year</p>	<div style="text-align: center;"></div> <p>Higher than the risk level of last year</p>

The overall nuclear safety situations are under control according to our inspection on the conditions of nuclear power generating units in operation in 2020 and the overall situations of project quality, progress and construction cost are under control without material and adverse changes according to our inspection on the conditions of projects under construction in 2020. Through reviewing the completion status of power generation plans for 2020 as well as internal and external efforts, the completion rate of the power generation plans was well guaranteed.

Outlook for 2021 and Important Measures

In 2021, the Company will face more challenges. As the PRC is going through economic transformation, industrial restructuring, and deepening reforms in the power market, it will bring about more uncertainties to sales of electricity of the Company.

The Company will continue to promote risk management optimization actions. Leveraging the opportunity of commencement of the “14th Five-Year” plan of the Company, and based on the operational objectives and plan for major tasks of 2021, 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 2021 are: safeguarding the bottom line of safety and quality, keeping in mind the red line of being law-abiding, ensuring nuclear safety and asset safety, strengthening independent innovation, expediting the process of developing competitive edges of key reactors, making breakthroughs in key technologies, grasping market opportunities, deepening reform in all aspects and making new progress in our way to continuous quality development.

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.
- √ 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



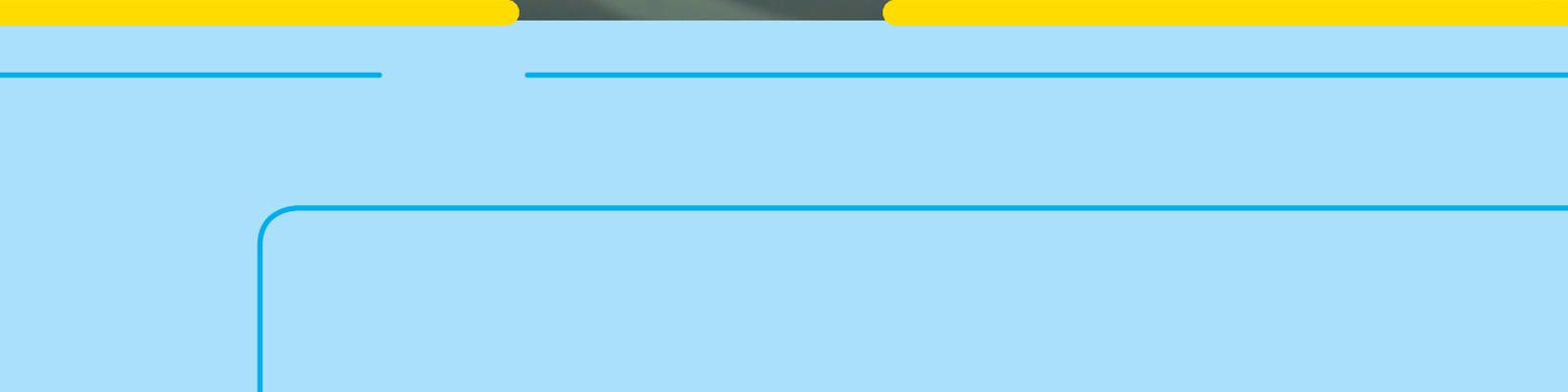
- √ actively facilitate the implementation of policies in relation to supporting the consumption of electricity generated by NPPs.
- √ actively participate in the power market to increase the on-grid power generation.
- √ strengthen and optimize the market-based marketing management system, nurture and recruit talented electricity market traders in a persistent manner.

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 design solidification, enhance construction planning and optimize schedule management.
- √ reinforce skills training for employees, strengthen the feedback system and continuously enhance the effectiveness of feedback.

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. 2101515

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, 2020, 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, 2020, 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" 37 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, 2020, the provision for NPP decommissioning presented in the consolidated financial statements of CGN Power was RMB4,601,580,302.59.</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 2020 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, structure and content of the financial statements, including the disclosures, 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 18, 2021

Consolidated Balance Sheet

As at December 31, 2020

(Unit: RMB)

Item	NOTES	December 31, 2020	December 31, 2019
Assets			
Current assets:			
Cash at bank and in hand	(V)1	12,128,377,221.65	19,571,648,773.58
Derivative financial assets	(V)2	–	3,149,401.93
Bills receivable	(V)3	1,900,481,700.00	669,170,265.04
Accounts receivable	(V)4	8,785,607,103.39	7,483,893,725.25
Accounts receivable financing	(V)5	4,150,220.00	–
Prepayments	(V)6	17,994,542,411.57	9,197,503,376.81
Other receivables	(V)7	86,973,653.03	147,196,275.50
Inventories	(V)8	15,020,730,517.39	18,370,637,240.89
Contract assets	(V)9	3,803,325,759.93	3,421,177,653.57
Non-current assets due within one year	(V)10	–	245,345.98
Other current assets	(V)11	3,520,085,850.74	3,058,761,231.75
Total current assets		63,244,274,437.70	61,923,383,290.30
Non-current assets:			
Long-term equity investments	(V)12	11,924,063,022.83	11,199,291,810.53
Other investment in equity instruments	(V)13	498,185,300.00	391,155,000.00
Investment properties	(V)14	244,748,360.43	183,747,207.19
Fixed assets	(V)15	248,455,556,392.34	256,954,693,283.42
Construction in progress	(V)16	47,364,769,436.18	39,240,570,013.29
Right-of-use assets	(V)17	939,488,041.02	1,045,156,326.10
Intangible assets	(V)18	5,047,179,153.80	4,937,028,458.97
Development costs	(V)19	2,795,094,194.52	2,274,225,675.05
Goodwill	(V)20	419,242,673.32	419,242,673.32
Long-term deferred expenses	(V)21	1,472,909,966.69	1,473,427,773.32
Deferred tax assets	(V)22	2,177,159,194.01	1,904,063,349.16
Other non-current assets	(V)23	7,315,703,312.89	6,029,249,666.14
Total non-current assets		328,654,099,048.03	326,051,851,236.49
Total assets		391,898,373,485.73	387,975,234,526.79

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

Item	NOTES	December 31, 2020	December 31, 2019
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans	(V)24	23,123,993,448.96	14,263,273,458.48
Bills payable	(V)25	4,418,030,262.41	2,618,383,795.01
Accounts payable	(V)26	18,698,517,397.40	19,983,479,765.09
Receipts in advance		–	40,000.00
Contract liabilities	(V)27	3,231,038,661.45	1,543,242,352.55
Employee benefits payable	(V)28	151,071,758.52	51,046,738.75
Taxes payable	(V)29	1,469,829,201.53	1,456,753,322.33
Other payables	(V)30	4,541,393,615.79	3,817,756,635.31
Non-current liabilities due within one year	(V)31	20,909,255,816.39	22,747,589,472.72
Other current liabilities	(V)32	609,623,356.68	536,334,171.47
Total current liabilities		77,152,753,519.13	67,017,899,711.71
Non-current liabilities:			
Long-term loans	(V)33	156,693,189,032.11	167,859,812,159.47
Bonds payable	(V)34	7,489,853,934.87	8,987,133,846.98
Lease liabilities	(V)35	576,934,707.48	695,555,684.54
Long-term employee benefits payable	(V)36	75,070,317.95	119,769,817.00
Provisions	(V)37	5,030,926,743.61	4,910,629,589.95
Deferred income	(V)38	2,043,610,971.48	1,873,337,839.76
Deferred tax liabilities	(V)22	1,205,428,001.19	1,217,228,385.92
Total non-current liabilities		173,115,013,708.69	185,663,467,323.62
Total liabilities		250,267,767,227.82	252,681,367,035.33
Shareholders' equity:			
Share capital	(V)39	50,498,611,100.00	50,498,611,100.00
Capital reserve	(V)40	10,784,004,133.34	10,702,322,842.13
Other comprehensive income	(V)41	405,306,708.13	766,584,661.43
Specific reserve	(V)42	248,862,260.50	222,401,570.36
Surplus reserve	(V)43	4,346,624,819.53	3,944,339,314.63
Retained earnings	(V)44	28,989,865,085.43	23,667,716,575.70
Total equity attributable to shareholders of the parent company		95,273,274,106.93	89,801,976,064.25
Non-controlling interests		46,357,332,150.98	45,491,891,427.21
Total shareholders' equity		141,630,606,257.91	135,293,867,491.46
Total liabilities and shareholders' equity		391,898,373,485.73	387,975,234,526.79

These financial statements were approved by the board of directors on March 18, 2021.

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 Legal Representative (Director)	Gao Ligang Executive Director	Yin Engang Chief Financial Officer	Cheng Chao Head of the Accounting Department
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Balance Sheet of the Parent Company

As at December 31, 2020

(Unit: RMB)

Item	NOTES	December 31, 2020	December 31, 2019
Assets			
Current assets:			
Cash at bank and in hand		6,695,085,446.07	14,073,628,934.52
Accounts receivable	(XV)1	977,738,642.05	757,297,090.35
Prepayments		6,211,977.97	10,406,259.02
Other receivables	(XV)2	3,160,702,645.71	4,584,463,468.61
Non-current assets due within one year		4,006,366,323.02	23,071,686.99
Other current assets	(XV)3	13,271,092,916.62	7,018,052,484.21
Total current assets		28,117,197,951.44	26,466,919,923.70
Non-current assets:			
Debt investments	(XV)4	10,770,963,326.36	19,652,463,326.36
Long-term equity investments	(XV)5	81,428,721,532.78	79,504,364,191.26
Fixed assets		94,867,611.84	47,102,884.34
Construction in progress		84,697,347.23	49,234,926.69
Right-of-use assets		68,432,591.02	114,450,985.40
Intangible assets		261,343,338.94	280,228,630.10
Development costs		1,938,096,568.12	1,233,559,396.01
Other non-current assets		37,910,914.23	38,869,959.23
Total non-current assets		94,685,033,230.52	100,920,274,299.39
Total assets		122,802,231,181.96	127,387,194,223.09
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans	(XV)6	6,017,372,311.07	11,801,919,932.29
Accounts payable		662,499,472.49	409,230,510.31
Contract liabilities		7,107,834.99	14,058,385.08
Employee benefits payable		29,443,295.64	10,641,945.29
Taxes payable		7,211,934.95	6,909,776.52
Other payables		114,960,018.44	75,805,163.38
Non-current liabilities due within one year		4,252,913,742.56	2,811,410,041.18
Total current liabilities		11,091,508,610.14	15,129,975,754.05
Non-current liabilities:			
Long-term loans		800,000,000.00	–
Bonds payable	(V)34	7,489,853,934.87	8,987,133,846.98
Lease liabilities		16,298,328.37	45,491,994.88
Long-term employee benefits payable		3,422,541.62	8,598,229.34
Deferred income		671,926.67	500,000.00
Total non-current liabilities		8,310,246,731.53	9,041,724,071.20
Total liabilities		19,401,755,341.67	24,171,699,825.25

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

Item	NOTES	December 31, 2020	December 31, 2019
Shareholders' equity:			
Share capital		50,498,611,100.00	50,498,611,100.00
Capital reserve		31,781,612,580.88	31,781,612,580.88
Surplus reserve		3,934,933,379.43	3,532,647,874.53
Retained earnings		17,185,318,779.98	17,402,622,842.43
Total shareholders' equity		103,400,475,840.29	103,215,494,397.84
Total liabilities and shareholders' equity		122,802,231,181.96	127,387,194,223.09

These financial statements were approved by the board of directors on March 18, 2021.

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 Legal Representative (Director)	Gao Ligang Executive Director	Yin Engang Chief Financial Officer	Cheng Chao Head of the Accounting Department
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Consolidated Income Statement

2020

(Unit: RMB)

Item	NOTES	2020	2019
I. Operating revenue	(V)45	70,584,710,557.13	60,875,176,254.90
Less: Operating costs	(V)45	44,419,291,782.18	35,471,460,119.46
Tax and surcharges	(V)46	621,738,133.27	699,868,278.64
Selling expenses	(V)47	71,158,554.79	78,997,912.92
Administrative expenses	(V)48	2,392,589,703.74	2,579,433,181.20
Research and development expenses	(V)49	1,535,988,543.87	1,483,443,965.15
Finance costs	(V)50	7,827,745,086.07	7,697,736,375.83
Including: Interest expenses		8,045,778,571.89	7,996,857,031.69
Interest income		197,865,779.92	339,092,835.28
Add: Other gains	(V)51	2,248,487,823.24	2,405,291,535.32
Investment income	(V)52	1,143,576,441.76	1,307,058,211.00
Including: Income from investment in associates and joint ventures		1,119,833,344.38	1,096,412,691.22
Gains from changes in fair value	(V)53	5,266,866.40	4,470,971.69
(Losses) gains from credit impairment	(V)54	(21,256,677.56)	36,863,278.74
Asset impairment losses	(V)55	(199,469,417.80)	(30,151,843.83)
Losses from disposal of assets	(V)56	(1,293,786.08)	(157,727.76)
II. Operating profit		16,891,510,003.17	16,587,610,846.86
Add: Non-operating income	(V)57	44,318,439.93	18,329,088.25
Less: Non-operating expenses	(V)58	85,706,966.89	50,844,819.09
III. Total profit		16,850,121,476.21	16,555,095,116.02
Less: Income tax expenses	(V)59	1,974,484,793.52	1,769,854,993.38
IV. Net profit		14,875,636,682.69	14,785,240,122.64
(I) Classified by continuity of operations			
1. Net profit from continuing operations		14,875,636,682.69	14,785,240,122.64
2. Net profit from discontinued operations		–	–
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company		9,562,307,621.17	9,465,700,355.79
2. Non-controlling interests		5,313,329,061.52	5,319,539,766.85

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

Item	NOTES	2020	2019
V. Other comprehensive income, net of tax	(V)41	(482,944,109.50)	97,934,302.89
Other comprehensive income attributable to shareholders of the parent company, net of tax		(361,277,953.30)	66,730,520.92
(I) Other comprehensive income that will not be reclassified to profit or loss		9,681,133.09	(26,794,950.00)
1. Change arising from remeasurement of defined benefit plan		902,183.89	9,375.00
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		(6,292,550.00)	–
3. Change in fair value of investment in other equity instruments		15,071,499.20	(26,804,325.00)
(II) Other comprehensive income that may be reclassified to profit or loss		(370,959,086.39)	93,525,470.92
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		(364,999,218.61)	93,525,470.92
Other comprehensive income attributable to non-controlling interests, net of tax		(121,666,156.20)	31,203,781.97
VI. Total comprehensive income		14,392,692,573.19	14,883,174,425.53
Total comprehensive income attributable to shareholders of the parent company		9,201,029,667.87	9,532,430,876.71
Total comprehensive income attributable to non-controlling interests		5,191,662,905.32	5,350,743,548.82
VII. Earnings per share			
(I) Basic earnings per share	(V)60	0.189	0.201
(II) Diluted earnings per share	(V)60	0.189	0.201

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

Income Statement of Parent Company

2020

(Unit: RMB)

Item	NOTES	2020	2019
I. Operating revenue	(XV)7	779,102,566.81	645,233,705.37
Less: Operating costs	(XV)7	719,911,193.77	632,109,569.36
Taxes and surcharges		425,830.80	336,016.51
Administrative expenses		521,586,164.84	438,050,917.14
Research and development expenses		131,948,161.01	208,784,918.29
Finance costs		464,081,587.14	409,432,302.21
Including: Interest expenses		598,757,869.14	602,939,322.18
Interest income		122,363,808.16	194,182,967.23
Add: Other gains		5,416,031.05	5,080,476.26
Investment income	(XV)8	5,074,706,331.11	7,042,215,010.18
Including: Income from investment in associates and joint ventures		297,964,767.17	297,741,058.83
Gains from changes in fair value		984,308.65	876,927.32
(Losses) gains from credit impairment		(5,155.58)	24,281,222.98
II. Operating profit		4,022,251,144.48	6,028,973,618.60
Add: Non-operating income		680,215.81	30,003.08
Less: Non-operating expenses		76,311.30	567,129.80
III. Total profit		4,022,855,048.99	6,028,436,491.88
Less: Income tax expenses		-	-
IV. Net profit		4,022,855,048.99	6,028,436,491.88
(I) Net profit from continuing operations		4,022,855,048.99	6,028,436,491.88
V. Other comprehensive income, net of tax		-	-
VI. Total comprehensive income		4,022,855,048.99	6,028,436,491.88

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

Consolidated Cash Flow Statement

2020

(Unit: RMB)

Item	NOTES	2020	2019
I. Cash flows from operating activities:			
Cash received from the sales of goods and rendering of services		78,989,122,504.40	67,699,574,315.03
Tax rebate received		2,271,942,941.21	2,297,733,380.74
Other cash received relating to operating activities	(V)62(1)	3,016,540,236.68	3,147,975,955.57
Sub-total of cash inflow from operating activities		84,277,605,682.29	73,145,283,651.34

Cash payments for goods purchased and services received		35,403,134,664.17	25,019,822,642.78
Cash payments to and on behalf of employees		8,742,324,742.05	7,632,773,072.30
Payments of various types of taxes		5,948,183,846.15	6,615,905,564.63
Other cash payments relating to operating activities	(V)62(2)	4,029,121,906.78	3,277,883,424.18
Sub-total of cash outflow from operating activities		54,122,765,159.15	42,546,384,703.89
Net cash flows from operating activities	(V)63(1)	30,154,840,523.14	30,598,898,947.45

II. Cash flows from investing activities:			
Cash received from disposal of investments		—	8,016,228,478.58
Cash received from investment income		828,679,022.22	1,487,752,355.28
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		8,048,628.20	757,806.01
Net cash received from disposal of subsidiaries and other business entities	(V)63(2)	9,577,157.28	708,306,825.20
Other cash received relating to investing activities	(V)62(3)	4,302,032,774.01	4,751,689,613.99
Sub-total of cash inflow from investing activities		5,148,337,581.71	14,964,735,079.06

Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets		13,503,177,333.69	15,653,279,873.91
Cash paid for investments		432,460,400.00	8,730,547,188.28
Other cash paid relating to investing activities	(V)62(4)	2,971,874,224.68	5,217,746,270.62
Sub-total of cash outflow from investing activities		16,907,511,958.37	29,601,573,332.81
Net cash flow used in investing activities		(11,759,174,376.66)	(14,636,838,253.75)

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

Consolidated Cash Flow Statement

2020

Item	NOTES	2020	2019
III. Cash flows from financing activities:			
Cash receipts from capital contributions		84,052,084.00	13,781,628,640.20
Including: Cash receipts from capital contributions by minority shareholders of subsidiaries		84,052,084.00	1,370,938,505.01
Cash received from borrowings		53,040,846,892.04	51,981,695,102.25
Other cash received relating to financing activities	(V)62(5)	271,830,000.00	1,315,504,579.36
Sub-total of cash inflow from financing activities		53,396,728,976.04	67,078,828,321.81
Cash repayments of borrowings		60,281,787,732.09	61,612,955,890.89
Cash payments for distribution of dividends or profits or settlement of interest expenses		17,144,405,125.84	17,475,749,937.72
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries		4,405,996,085.01	4,204,650,035.73
Other cash payments relating to financing activities	(V)62(6)	337,439,753.90	813,429,427.43
Sub-total of cash outflow from financing activities		77,763,632,611.83	79,902,135,256.04
Net cash flow used in financing activities		(24,366,903,635.79)	(12,823,306,934.23)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(163,736,186.10)	77,645,014.26
V. Net (decrease) increase in cash and cash equivalents	(V)63(1)(b)	(6,134,973,675.41)	3,216,398,773.73
Add: Opening balance of cash and cash equivalents		14,854,117,616.45	11,637,718,842.72
VI. Closing balance of cash and cash equivalents	(V)63(3)	8,719,143,941.04	14,854,117,616.45

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

Cash Flow Statement of the Parent Company

2020

		(Unit: RMB)	
Item	NOTES	2020	2019
I. Cash flows from operating activities:			
Cash received from the sales of goods and rendering of services		604,508,691.50	627,486,959.56
Other cash received relating to operating activities		251,576,421.86	197,914,164.68
Sub-total of cash inflow from operating activities		856,085,113.36	825,401,124.24

Cash payments for goods purchased and services received		500,271,270.86	479,004,636.75
Cash payments to and on behalf of employees		447,832,400.14	432,034,549.28
Payments of various types of taxes		425,830.80	336,016.50
Other cash payments relating to operating activities		244,714,952.64	293,468,071.61
Sub-total of cash outflow from operating activities		1,193,244,454.44	1,204,843,274.14

Net cash flows used in operating activities	(XV)9	(337,159,341.08)	(379,442,149.90)

II. Cash flows from investing activities:			
Cash received from disposal of investments		17,658,000,000.00	20,017,359,863.08
Cash received from investment income		6,491,098,778.05	3,512,490,868.23
Other cash received relating to investing activities		3,000,000,000.00	2,050,000,000.00
Sub-total of cash inflow from investing activities		27,149,098,778.05	25,579,850,731.31

Cash paid to purchase and construct fixed assets, intangible assets and other long-term assets		728,460,046.66	625,252,263.49
Cash paid for investments		20,903,321,374.35	31,912,367,721.36
Other cash paid relating to investing activities		2,254,666.89	3,503,209,010.38
Sub-total of cash outflow from investing activities		21,634,036,087.90	36,040,828,995.23

Net cash flow from (used in) investing activities		5,515,062,690.15	(10,460,978,263.92)

III. Cash flows from financing activities:			
Cash receipts from capital contributions		–	12,410,690,135.19
Cash received from borrowings		4,446,685,689.80	8,448,458,348.50
Sub-total of cash inflow from financing activities		4,446,685,689.80	20,859,148,483.69

Cash repayments of borrowings		9,431,668,546.11	3,267,589,385.68
Cash payments for distribution of dividends or profits or settlement of interest expenses		4,470,600,323.89	3,800,854,123.07
Other cash payments relating to financing activities		89,753,550.24	100,721,565.70
Sub-total of cash outflow from financing activities		13,992,022,420.24	7,169,165,074.45

Net cash flow (from) used in financing activities		(9,545,336,730.44)	13,689,983,409.24

IV. Effect of foreign exchange rate changes on cash and cash equivalents			
		16,298,947.99	15,640,263.86

V. Net (decrease) increase in cash and cash equivalents			
Add: Opening balance of cash and cash equivalents	(XV)9	11,045,331,156.75	8,180,127,897.47

VI. Closing balance of cash and cash equivalents			
	(XV)9	6,694,196,723.37	11,045,331,156.75

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

Consolidated Statement of Changes in Shareholders' Equity

2020

(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	(V)40	-	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	(V)43	-	-	-	-	402,285,504.90	(402,285,504.90)	-	-	-
2. Distribution to shareholders	(V)44	-	-	-	-	-	(3,837,873,606.54)	(3,837,873,606.54)	(4,410,274,265.55)	(8,248,147,872.09)
(IV) Specific reserve	(V)42	-	-	-	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

(Unit: RMB)

Item	NOTES	2019								
		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, 2018 and January 1, 2019		45,448,750,000.00	3,350,519,181.82	699,854,140.51	197,139,693.40	3,341,495,665.44	18,077,156,831.53	71,114,915,512.70	42,010,734,594.51	113,125,650,107.21
II. Changes in the current year		5,049,861,100.00	7,351,803,660.31	66,730,520.92	25,261,876.96	602,843,649.19	5,590,559,744.17	18,687,060,551.55	3,481,156,832.70	22,168,217,384.25
(I) Total comprehensive income		-	-	66,730,520.92	-	-	9,465,700,355.79	9,532,430,876.71	5,350,743,548.82	14,883,174,425.53
(II) Shareholders' contributions and reduction in capital		5,049,861,100.00	7,351,803,660.31	-	-	-	-	12,401,664,760.31	1,370,938,505.01	13,772,603,265.32
1. Shareholders' capital contributions		5,049,861,100.00	7,339,914,459.44	-	-	-	-	12,389,775,559.44	1,370,938,505.01	13,760,714,064.45
2. Others		-	11,889,200.87	-	-	-	-	11,889,200.87	-	11,889,200.87
(III) Profit distribution		-	-	-	-	602,843,649.19	(3,875,140,611.62)	(3,272,296,962.43)	(3,240,525,221.13)	(6,512,822,183.56)
1. Transfer to surplus reserve		-	-	-	-	602,843,649.19	(602,843,649.19)	-	-	-
2. Distribution to shareholders		-	-	-	-	-	(3,272,296,962.43)	(3,272,296,962.43)	(3,240,525,221.13)	(6,512,822,183.56)
(IV) Specific reserve		-	-	-	25,261,876.96	-	-	25,261,876.96	-	25,261,876.96
1. Transfer to specific reserve in the year		-	-	-	119,147,425.34	-	-	119,147,425.34	-	119,147,425.34
2. Amount utilized in the year		-	-	-	(93,885,548.38)	-	-	(93,885,548.38)	-	(93,885,548.38)
III. Balance at December 31, 2019		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

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

Statement of Changes in Shareholders' Equity of Parent Company

2020

(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	

(Unit: RMB)

	2019					Total shareholders' equity
	Share capital	Capital reserve	Surplus reserve	Retained earnings		
I. Balance at December 31, 2018 and January 1, 2019	45,448,750,000.00	24,441,698,121.44	2,929,804,225.34	15,249,326,962.17	88,069,579,308.95	
II. Changes in the current year	5,049,861,100.00	7,339,914,459.44	602,843,649.19	2,153,295,880.26	15,145,915,088.89	
(I) Total comprehensive income	-	-	-	6,028,436,491.88	6,028,436,491.88	
(II) Shareholders' contributions and reduction in capital	5,049,861,100.00	7,339,914,459.44	-	-	12,389,775,559.44	
1. Contributions in ordinary shares from shareholders	5,049,861,100.00	7,339,914,459.44	-	-	12,389,775,559.44	
(III) Profit distribution	-	-	602,843,649.19	(3,875,140,611.62)	(3,272,296,962.43)	
1. Transfer to surplus reserve	-	-	602,843,649.19	(602,843,649.19)	-	
2. Distribution to shareholders	-	-	-	(3,272,296,962.43)	(3,272,296,962.43)	
III. Balance at December 31, 2019	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	

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 ("NCSSF"), totaling 1,014,875,000 shares. Upon the listing of the Company, shares held by the NCSSF were translated into H shares amounting to 1,014,875,000 shares on an 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, 2021. 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, 2020 and consolidated and the parent company's operating results and cash flows for 2020.

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 noncurrent 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.

Notes to the Financial Statements

(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.

Notes to the Financial Statements

(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 profitmaking 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.
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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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Notes to the Financial Statements

(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 refueling batches, and included in the production cost by installments at the period between the current fueling and the next refueling 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	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 refueling 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 follow:

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.

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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 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	10-22 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.

(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.

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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 labour 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.

(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.

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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.

26. Revenue recognition

The Group's revenue sources mainly include the following businesses:

- sales of electricity;
- construction, installation and design services;
- provision of labour 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.

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(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 labour service

The Group adopts the output method to appropriately determine the progress to completion of satisfying performance obligation for the provision of labour 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 labour transaction cannot be reliably estimated, labour revenue is recognized at labour costs already incurred or that which can be compensated, and the labour costs incurred shall be stated as current expense. Labour 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.

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.

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(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.

(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.

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(All amounts in RMB unless otherwise stated)

(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.

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 labour 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)22 — Recognition of deferred tax assets;
- (c) Note (V)36 — Post-employment benefits of defined benefit plan;
- (d) Note (IX) - Disclosure of fair value; and
- (e) Note (XI) - Share-based payment.

31. Changes in significant accounting policies

(1) Content and reason of accounting policy changes

In 2020, the Group implemented the following related requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance:

- Interpretation No. 13 of the Accounting Standards for Business Enterprises (Cai Kuai [2019] No. 21) 《企業會計準則解釋第13號》(財會[2019] 21號)) (“Interpretation No. 13”)
- 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))

(a) Interpretation No. 13

Interpretation No. 13 revised the three elements of business composition and refined the judgment conditions for business. For purchasers of business combinations not under common control, when determining whether the acquired business activities or asset combinations constitute a business, it has introduced an option of “concentration test”.

Furthermore, Interpretation No. 13 further clarified that the related parties of an enterprise also include joint ventures or associates of other members (including the parent company and subsidiaries) of the enterprise group to which the enterprise belongs, and other joint ventures or associates of investors who exercise joint control over the enterprise, etc.

Interpretation No. 13 came into effect on January 1, 2020. The Group adopts the future application method to account for the above changes in accounting policies. The adoption of this interpretation does not have a significant impact on the Group’s financial position and operating results.

(b) Cai Kuai [2020] No. 10

Cai Kuai [2020] No. 10 provides a simplified method for rent concession directly triggered by the COVID-19 epidemic when certain conditions are met. If the enterprise chooses to adopt the simplified approach, it does not need to assess whether there is a lease modification, nor does it need to reassess the lease classification.

Cai Kuai [2020] No. 10 came into effect on June 19, 2020, and there were no relevant significant rent concessions that occurred between January 1, 2020 and the effective date. The adoption of this standard does not have a significant impact on the financial position and operating results of the Group.

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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% or 10%, 11%, 13% or 16%
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%, 5%

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") and CGN Power Sales Co., Ltd. (中廣核電力銷售有限公司) ("Power Sales Company") as well as 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) ("SNPRI"), China Nuclear Power (Beijing) Simulation Technology Corporation Ltd. (中廣核(北京)仿真技術有限公司) ("CNPSTC"), 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) (formerly known as China Nuclear Power (Shenzhen) Radiation Monitoring Technology Co., Ltd. (中廣核(深圳)輻射監測技術有限公司)), Worldwide Engineering CGNPC AREVA Nuclear Co., Ltd. (中珽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. The applicable VAT tax rate of the above companies for the period from January 1 to March 31, 2019 was 16%. The applicable VAT tax rate for the period from April 1, 2019 to December 31, 2020 was 13%.

Revenue from newspaper and magazine publication of SNPRI, a subsidiary of the Company, was subject to VAT. Revenue from the production and supply of thermal power of Hebei Zhongzhuang Clean Thermal Energy Co., Ltd. (河北中莊清潔熱能有限公司), a subsidiary of the Company, was subject to VAT. The applicable VAT tax rate for the period from January 1, 2019 to March 31, 2019 was 10%. The applicable VAT tax rate for the period from April 1, 2019 to December 31, 2020 was 9%.

Revenue from technical service of the subsidiaries of the Company, namely CNPRI, CNPSTC, SNPRI, 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), 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 China Nuclear Power Operations Co., Ltd. (中廣核核電運營有限公司), was subject to VAT. Entrusted loan interest income of the subsidiaries of the Company, namely Fangchenggang Nuclear, Ling'ao Nuclear, Lingdong Nuclear, SNPRI, GNIC, 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), China Nuclear Power Operations Co., Ltd. (中廣核核電運營有限公司), the Inspection 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") and GNPJVC, was subject to VAT. Revenue from outages service and training income 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") and China Nuclear Power Operations Co., Ltd. (中廣核核電運營有限公司), was subject to VAT at 6%.

Revenue from construction contracts 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 from January 1, 2019 to March 31, 2019 was subject to tax rate at 10%, and that from April 1, 2019 to December 31, 2020 was subject to tax rate at 9% using the general tax calculation method. The real estate rental income of the subsidiaries of the Company, namely the Inspection Company, GNIC, Ling'ao Nuclear, GNPJVC, Lingdong Nuclear, SNPRI, Yangjiang Nuclear, China Nuclear Power Technology Research Institute (中廣核研究院有限公司) and CGN Engineering, was subject to VAT at 5% using a simple tax computation method.

Revenue from the labour dispatch service of DNMC, a subsidiary of the Company, was subject to VAT at 5% using a simple tax computation method from January 1, 2019 to May 31, 2019, and was subject to VAT at 6% using a general tax computation method from June 1, 2019 to December 31, 2020.

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"), a subsidiary of the Company, was subject to VAT at 6%.

Revenue from the interest income from the funds lending of the Company's subsidiary, namely Taishan Nuclear Power Industry Investment Co., Ltd. (台山核電產業投資有限公司) ("Taishan Investment"), was subject to VAT at 3% of taxable income of small-scale taxpayers under the tax law from January 1, 2019 to January 12, 2020, and was subject to VAT at 6% of taxable income of normal taxpayer from January 13, 2020 using the general tax calculation method. 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) 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 Sale 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, and was exempt from VAT.

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, Fangchenggang Nuclear, Ningde 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	March 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	December 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

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(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 1	N/A	12.5%	Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation The preferential tax treatment has already expired as at December 31, 2019
Yangjiang Unit 2 and Unit 3	12.5%	12.5%	Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation
Yangjiang Unit 4	12.5%	Exempted	Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation
Yangjiang Unit 5 and 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	7.5%	7.5%	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 2	N/A	12.5%	Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation The preferential tax treatment has already expired as at December 31, 2019
Ningde Unit 3 and Unit 4	12.5%	12.5%	Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation
Taishan Unit 1	Exempted	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 after commencement of commercial operations in September 2019	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
China Nuclear Power Technology Research Institute	15%	15%	Preferential tax policy for high-tech enterprises
CNPSTC	15%	15%	Preferential tax policy for high-tech enterprises
SNPRI	15%	15%	Preferential tax policy for high-tech enterprises
Inspection Company	15%	15%	Preferential tax policy for high-tech enterprises
China Nuclear Power (Shenzhen) Operational Technology and Radiation Monitoring Co., Ltd.	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
China Nuclear Power Operations Co., Ltd.	15%	15%	Preferential tax policy for high-tech enterprises

	Tax rate applicable for the current year	Tax rate applicable for the previous year	Policy for tax incentives
CGN Ocean Power Co., Ltd. (中廣核海洋能源有限公司) ("Ocean Power")	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises (Note)
CGN Hebei Thermal Power Co., Ltd. ("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
Shenzhen Hepeng Project Supervision Co., Ltd. (深圳市核鵬工程監理 有限責任公司)	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises
CGN Power Sales Co., Ltd. (中廣核電力銷售有限公司)	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%	Applicable from its establishment on June 4, 2019	Preferential enterprise income tax policy for small profit-making enterprises
Guangxi Fanghe Power Sale Co., Ltd.	20%	Applicable from its establishment on September 3, 2019	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%.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

Other tax preferential policies

Pursuant to the Notice on Issues Concerning the Implementation of the Catalog of Enterprise Income Tax Preference for Equipment Specialized for Environmental Protection, the Catalog of Enterprise Income Tax Preference for Equipment Specialized for Energy and Water Conservation and the Catalog of Enterprise Income Tax Preference for Equipment Specialized for Production Safety (Cai Shui [2008] No. 48) 《關於執行環境保護專用設備企業所得稅優惠目錄、節能節水專用設備企業所得稅優惠目錄和安全生產專用設備企業所得稅優惠目錄有關問題的通知》(財稅[2008]48號)), equipment purchased and put into actual service by Ningde Nuclear specialized for environmental protection, energy and water conservation and production safety may offset EIT payable of the current year by 10% of the specialized equipment investment. If tax payable of the current year is insufficient for the offset, the amount may be carried down to subsequent years not exceeding five taxable years.

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.

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.

(V) Notes to Items in the Consolidated Financial Statements

1. Cash at bank and in hand

Item	December 31, 2020	December 31, 2019
Cash in hand	3,367.06	3,588.14
Cash at bank	12,087,634,207.84	19,549,895,055.68
Other cash at bank and in hand	40,739,646.75	21,750,129.76
Total	12,128,377,221.65	19,571,648,773.58
Include: Total amount deposited overseas	85,179,449.88	1,180,296,776.84

As at December 31, 2020 and December 31, 2019, 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 amounted to RMB40,739,646.75 and RMB21,750,129.76, respectively, and their uses were restricted (please see Note (V) 64).

As at December 31, 2020 and December 31, 2019, the Group's fixed deposits of more than three months amounted to RMB3,368,493,633.86 and RMB4,695,781,027.37, respectively.

2. Derivative financial assets

Item	December 31, 2020	December 31, 2019
Derivative financial assets	–	3,149,401.93

As at December 31, 2019, the derivative financial assets held by the Group were USD/RMB forward foreign exchange contracts, which were fully settled as of August 2020.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

3. Bills receivable

(1) Bills receivable disclosed by category

Item	December 31, 2020	December 31, 2019
Bank acceptance bills	1,900,481,700.00	669,120,265.04
Commercial acceptance bills	–	50,000.00
Total	1,900,481,700.00	669,170,265.04

- (2) All of the bills receivable are due within one year, and the aging are counted starting from the date when bills receivable are recognized.
- (3) As at December 31, 2020 and December 31, 2019, the Group had no pledged bills receivable.
- (4) As at December 31, 2020, the Group's bills receivable which were endorsed or discounted but outstanding at the balance sheet date amounted to RMB1,900,000,000.00.
- (5) As at December 31, 2020 and December 31, 2019, the Group had no bills transferred to accounts receivable due to non-performance of the issuers.
- (6) The Group considers that the acceptors of its bank bills have high credit ratings and there is no significant credit risk. Therefore, no loss allowance has been made.

4. Accounts receivable

(a) Accounts receivable disclosed by category

Item	December 31, 2020	December 31, 2019
Accounts receivable arising from contracts with customers	8,937,108,532.09	7,613,182,646.09
Including: Group 1	8,449,686,854.10	7,147,764,943.75
Group 2	404,662,586.19	382,333,306.49
Accounts receivable for which provision for bad debts have been individually made	82,759,091.80	83,084,395.85
Less: Impairment provisions	151,501,428.70	129,288,920.84
Including: Group 1	30,959,714.13	25,390,418.37
Group 2	37,782,622.77	20,814,106.62
Accounts receivable for which provision for bad debts have been individually made	82,759,091.80	83,084,395.85
Carrying value	8,785,607,103.39	7,483,893,725.25

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	December 31, 2020				December 31, 2019			
	Loss given default	Carrying balance	Bad debt provision	Carrying value	Loss given default	Carrying balance	Bad debt provision	Carrying value
Within 1 year	0.30%	8,423,433,463.63	25,270,300.38	8,398,163,163.25	0.30%	7,125,993,950.07	21,377,819.74	7,104,616,130.33
1 to 2 years	5.00%	11,744,201.71	587,210.09	11,156,991.62	5.00%	6,226,834.99	311,377.95	5,915,457.04
2 to 3 years	20.00%	2,024,300.00	404,860.00	1,619,440.00	20.00%	15,544,158.69	3,701,220.68	11,842,938.01
3 to 4 years	30.00%	12,484,888.76	4,697,343.66	7,787,545.10	30.00%	-	-	-
Total		8,449,686,854.10	30,959,714.13	8,418,727,139.97		7,147,764,943.75	25,390,418.37	7,122,374,525.38

Group 2:

Aging	December 31, 2020				December 31, 2019			
	Loss given default	Carrying balance	Bad debt provision	Carrying value	Loss given default	Carrying balance	Bad debt provision	Carrying value
Within 1 year	0.30%	261,480,504.14	784,441.52	260,696,062.62	0.30%	266,120,053.64	792,229.89	265,327,823.75
1 to 2 years	10.00%	50,558,153.04	5,055,815.30	45,502,337.74	10.00%	93,874,162.29	9,383,996.87	84,490,165.42
2 to 3 years	30.00%	80,602,144.75	24,180,643.43	56,421,501.32	30.00%	10,259,256.96	3,081,299.03	7,177,957.93
3 to 4 years	50.00%	7,890,034.28	3,945,017.14	3,945,017.14	50.00%	8,745,306.60	4,372,653.30	4,372,653.30
4 to 5 years	80.00%	1,575,222.98	1,260,178.38	315,044.60	80.00%	725,000.00	574,400.53	150,599.47
More than 5 years	100.00%	2,556,527.00	2,556,527.00	-	100.00%	2,609,527.00	2,609,527.00	-
Total		404,662,586.19	37,782,622.77	366,879,963.42		382,333,306.49	20,814,106.62	361,519,199.87

Accounts receivable for which provision for bad debts have been individually made:

Aging	December 31, 2020				December 31, 2019			
	Loss given default	Carrying balance	Bad debt provision	Carrying value	Loss given default	Carrying balance	Bad debt provision	Carrying value
3 to 4 years	100%	-	-	-	100.00%	74,259,091.80	74,259,091.80	-
4 to 5 years	100%	74,259,091.80	74,259,091.80	-	100.00%	3,400,000.00	3,400,000.00	-
More than 5 years	100%	8,500,000.00	8,500,000.00	-	100.00%	5,425,304.05	5,425,304.05	-
Total		82,759,091.80	82,759,091.80	-		83,084,395.85	83,084,395.85	-

The aging analysis is counted starting from the date when accounts receivable are recognized.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(b) Changes in provisions for bad debts of accounts receivable

Item	2020		Total
	Expected credit losses during the whole life (no credit impairment occurred)	Expected credit losses during the whole life (credit impairment occurred)	
January 1, 2020	46,204,524.99	83,084,395.85	129,288,920.84
Provisions for expected credit losses for the year	22,712,382.88	–	22,712,382.88
Reversal of expected credit losses for the year	(79,439.15)	–	(79,439.15)
Write-offs for the year	–	(325,304.05)	(325,304.05)
Impact of changes in exchange rates	(95,131.82)	–	(95,131.82)
December 31, 2020	68,742,336.90	82,759,091.80	151,501,428.70

(c) 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)	3,992,793,599.01	44.68	11,978,118.14
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	11.32	3,034,045.58
Fujian Electric Grid Co., Ltd. (國網福建省電力有限公司)	761,323,042.64	8.52	2,283,894.34
Hong Kong Nuclear Investment Co. Ltd. (“HKNIC”) (香港核電投資有限公司)	490,760,950.11	5.49	1,472,282.85
Guangxi Power Grid Co., Ltd. (廣西電網有限責任公司)	452,413,930.49	5.06	1,357,241.79
Total	6,708,640,049.22	75.07	20,125,582.70

5. Accounts receivable financing

Item	Opening balance	Changes in fair value for the year	Closing balance	Accumulated loss allowance recognized in other comprehensive income
Bills receivable	–	–	4,150,220.00	–

6. Prepayments

(1) Prepayments by aging

Aging	December 31, 2020		December 31, 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	12,122,820,459.56	67.37	5,502,465,828.77	59.82
1 to 2 years	3,661,614,625.24	20.35	701,497,252.79	7.63
2 to 3 years	217,136,241.60	1.21	712,620,826.10	7.75
More than 3 years	1,992,971,085.17	11.07	2,280,919,469.15	24.80
Total	17,994,542,411.57	100.00	9,197,503,376.81	100.00

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	9,020,394,637.91	50.13
China Construction Second Engineering Bureau Ltd.	1,344,442,728.38	7.47
Mingyang Smart Energy Group., Ltd. (明陽智慧能源集團股份公司)	1,097,868,458.79	6.10
Zhongtian Technology Submarine Cables Co., Ltd. (中天科技海纜股份有限公司)	473,534,827.66	2.63
China Nuclear Industry Second and Third Construction Co., Ltd	442,192,994.42	2.46
Total	12,378,433,647.16	68.79

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

7. Other receivables

Item	December 31, 2020	December 31, 2019
Dividends receivable	10,456,548.88	77,057,776.36
Other receivables	76,517,104.15	70,138,499.14
Total	86,973,653.03	147,196,275.50

(1) Dividends receivable

(a) Dividends receivable

Investee	December 31, 2020	December 31, 2019
China Nuclear Industry Huaxing Construction Co., Ltd. (中國核工業華興建設有限公司)	–	68,954,241.70
China Nuclear Industry Second and Third Construction Co., Ltd	10,488,012.92	12,855,627.11
Total	10,488,012.92	81,809,868.81
Less: Bad debt provision	31,464.04	4,752,092.45
Carrying value	10,456,548.88	77,057,776.36

(b) Determining provision for bad debt

Item	December 31, 2020			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, 2020	144,615.30	4,607,477.15	–	4,752,092.45
Provisions for expected credit losses for the year	31,464.04	–	–	31,464.04
Reversal of expected credit losses for the year	(144,615.30)	(4,607,477.15)	–	(4,752,092.45)
December 31, 2020	31,464.04	–	–	31,464.04

(2) Other receivables

(a) Disclosed by aging

Item	December 31, 2020		
	Other receivables	Bad debt provision	Provisions percentage (%)
Within 1 year	63,920,350.64	191,761.05	0.30%
1 to 2 years	2,165,595.90	217,270.61	10.00%
2 to 3 years	8,294,951.02	2,488,485.31	30.00%
3 to 4 years	7,477,861.15	3,738,930.57	50.00%
4 to 5 years	5,013,699.62	3,718,906.64	80.00%
More than 5 years	31,993,511.16	31,993,511.16	100.00%
Total	118,865,969.49	42,348,865.34	

(b) Other receivables disclosed by category

Item	December 31, 2020				December 31, 2019			
	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)	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)	Total
Group 1	1,314,184.01	23,351,217.94	-	24,665,401.95	18,056,921.51	22,836,526.39	-	40,893,447.90
Group 2	62,606,166.63	31,244,400.91	-	93,850,567.54	26,078,954.45	41,832,375.95	-	67,911,330.40
Other receivables for which bad debt provision is individually assessed	-	-	350,000.00	350,000.00	-	-	350,000.00	350,000.00
Carrying balance	63,920,350.64	54,595,618.85	350,000.00	118,865,969.49	44,135,875.96	64,668,902.34	350,000.00	109,154,778.30
Bad debt provision	191,761.05	41,807,104.29	350,000.00	42,348,865.34	855,141.09	37,811,138.07	350,000.00	39,016,279.16
Net carrying value	63,728,589.59	12,788,514.56	-	76,517,104.15	43,280,734.87	26,857,764.27	-	70,138,499.14

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(c) Changes in bad debt provisions for other receivables

Item	2020			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, 2020	855,141.09	37,811,138.07	350,000.00	39,016,279.16
Provisions for expected credit losses for the year	–	4,007,709.38	–	4,007,709.38
Reversal of expected credit losses for the year	(663,347.14)	–	–	(663,347.14)
Impact of changes in exchange rates	(32.90)	(11,743.16)	–	(11,776.06)
December 31, 2020	191,761.05	41,807,104.29	350,000.00	42,348,865.34

(d) Top five debtors with the largest closing balances of other receivables

Name of entity	Nature	Amount	Aging	Percentage to total other receivables (%)	Closing balance of provisions for bad debts
Customs of Fangchenggang Office of the State Administration of Taxation of Longgang District of Shenzhen, Dapeng Branch (深圳市龍崗區國家稅務局大鵬稅務所)	Customs deposit	30,689,796.32	Less than 1 year	25.82	92,069.39
Guangxi GIG Medical and Health Group Co., Ltd. (廣西廣投醫藥健康產業集團有限公司)	Export rebates	4,498,316.63	Less than 1 year	3.78	13,494.95
China Construction Second Engineering Bureau Ltd. Shenzhen Pengjinsheng Investment Development Co., Ltd. (深圳市鵬錦生投資發展有限公司)	Lease deposit	3,760,000.00	3 to 4 years	3.16	1,880,000.00
	Advances	2,843,674.09	Less than 1 year	2.39	33,196.57
	Lease deposit	2,648,173.93	2 to 3 years	2.23	794,452.18
Total		44,439,960.97		37.38	2,813,213.09

(e) Other receivables by nature

Nature	December 31, 2020	December 31, 2019
Related party payments	23,408,700.64	40,892,232.45
Employee borrowings and petty cash fund	18,067,150.21	18,763,233.13
Others	77,390,118.64	49,499,312.72
Total	118,865,969.49	109,154,778.30
Less: Bad debt provision	42,348,865.34	39,016,279.16
Carrying value	76,517,104.15	70,138,499.14

8. Inventories

(1) Inventories by category

Item	December 31, 2020			December 31, 2019		
	Carrying balance	Provision for decline in value	Carrying value	Carrying balance	Provision for decline in value	Carrying value
Nuclear fuel	7,663,950,506.84	-	7,663,950,506.84	7,262,238,837.29	-	7,262,238,837.29
Spare parts	5,414,371,314.24	631,191,119.07	4,783,180,195.17	5,296,390,088.53	672,477,259.27	4,623,912,829.26
Goods on hand	1,403,935.77	-	1,403,935.77	3,513,868.31	-	3,513,868.31
Consigned processing materials	2,530,917,115.17	-	2,530,917,115.17	6,443,470,388.70	-	6,443,470,388.70
Raw materials	40,895,731.87	-	40,895,731.87	37,091,393.03	-	37,091,393.03
Reusable materials	383,032.57	-	383,032.57	409,924.30	-	409,924.30
Total	15,651,921,636.46	631,191,119.07	15,020,730,517.39	19,043,114,500.16	672,477,259.27	18,370,637,240.89

(2) Provision for decline in value of inventories

Inventory categories	Deductions during the year				
	January 1, 2020	Additions during the year Provision	Reversal and write-off	Impact of foreign currency translation	December 31, 2020
Spare parts	672,477,259.27	2,474,986.29	32,975,591.43	10,785,535.06	631,191,119.07

(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 refueling based on the on-grid power generation. As at December 31, 2020 and December 31, 2019, the capitalized borrowing costs included in the initial nuclear fueling costs in the Group's inventory amounted to RMB0.00 and RMB25,994,777.15, respectively.

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(All amounts in RMB unless otherwise stated)

9. Contract assets

(1) Presentation of contract assets

Item	December 31, 2020			December 31, 2019		
	Carrying balance	Impairment provision	Carrying value	Carrying balance	Impairment provision	Carrying value
Completed but unsettled assets resulting from construction contracts	3,995,640,253.92	205,750,359.54	3,789,889,894.38	3,415,434,802.99	10,174,389.36	3,405,260,413.63
Guarantee deposits	16,887,254.30	3,451,388.75	13,435,865.55	17,950,123.53	2,032,883.59	15,917,239.94
Total	4,012,527,508.22	209,201,748.29	3,803,325,759.93	3,433,384,926.52	12,207,272.95	3,421,177,653.57

(2) Impairment provision made for contract assets for the year

Item	2020			
	January 1, 2020	Provisions for the year	Reversal for the year	December 31, 2020
Completed but unsettled assets resulting from construction contracts	10,174,389.36	195,575,970.18	–	205,750,359.54
Guarantee deposits	2,032,883.59	1,418,505.16	–	3,451,388.75
Total	12,207,272.95	196,994,475.34	–	209,201,748.29

The credit losses incurred during the whole life mainly came from Mengzi Zhongneng New Energy Co., Ltd. (蒙自中能新能源有限公司), with impairment provision made for contract assets of RMB194,354,343.70 for the year. The reason for the provision was that the present value of the estimated future cash flows 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), resulting in impairment of contract assets.

(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.

10. Non-current assets due within one year

Item	December 31, 2020	December 31, 2019
Derivative financial instruments	–	245,345.98

As at December 31, 2019, the derivative financial instruments held by the Group due within one year were interest rate swap contracts, which were fully settled as at December 31, 2020.

11. Other current assets

Item	December 31, 2020	December 31, 2019
VAT retained at the end of the year	3,493,998,058.37	3,055,567,029.57
Others	26,087,792.37	3,194,202.18
Total	3,520,085,850.74	3,058,761,231.75

12. Long-term equity investments

Investee	Balance at January 1, 2020	Changes in the current year					Balance at December 31, 2020	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 Hongyanhe Nuclear Power Co., Ltd. (遼寧紅沿河核電有限公司) ("Hongyanhe Nuclear")	6,666,567,903.36	356,215,500.00	-	506,256,294.98	-	(433,550,857.36)	-	7,095,488,840.98	-
Fujian Ningde Second Nuclear Power Co., Ltd. (福建寧德第二核電有限公司) ("Ningde Second Nuclear")	224,718,000.00	38,530,580.00	-	-	-	-	-	263,248,580.00	-
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")	2,418,037,406.25	37,714,320.00	-	297,964,767.17	-	(251,428,800.00)	-	2,502,287,693.42	-
China Nuclear Industry Second and Third Construction Co., Ltd. (中核二三建設有限公司) ("CGN Finance")	474,187,877.52	24,000,000.00	-	67,722,699.24	(12,252,417.78)	(44,976,071.62)	-	590,363,378.57	-
CGN Finance Co., Ltd. (中廣核財務有限公司) ("CGN Finance")	1,361,010,688.16	-	-	163,035,144.47	-	(107,923,474.97)	-	1,416,122,357.66	-
CFECC Engineering Company Limited (中諮工程有限公司)	34,769,935.24	-	-	1,782,236.96	-	-	-	36,552,172.20	-
Xiongan 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	11,199,291,810.53	456,460,400.00	-	1,086,761,142.82	(12,252,417.78)	81,681,291.21	(837,879,203.95)	11,924,063,022.83	-

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(All amounts in RMB unless otherwise stated)

13. Other investment in equity instruments

(1) Other investment in equity instruments

Investee	December 31, 2020	December 31, 2019	Reasons for the specified classification	Dividends recognized in 2020
Chinergy Co., Ltd. (中核能源科技有限公司)	110,000,000.00	110,000,000.00	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)	388,185,300.00	281,155,000.00	Not intended to hold for recent sale or short-term profit	20,344,882.77
Total	498,185,300.00	391,155,000.00		20,344,882.77

(2) Investment in other equity instruments measured at fair value

Item	December 31, 2020	December 31, 2019
Cost of equity instruments	344,879,474.47	255,580,350.00
Including: Conversion of dividends receivable into share capital	89,299,124.47	–
Fair value	498,185,300.00	391,155,000.00
Accumulated change in fair value recognized in other comprehensive income	153,305,825.53	135,574,650.00

14. Investment properties

(1) Investment properties measured at cost

Item	Buildings and structures
2020	
I. Original carrying value	
1. Opening balance	347,314,140.26
2. Additions during the year	118,969,690.75
(1) Transfer from fixed assets	118,969,690.75
3. Deductions during the year	17,179,475.36
(1) Investment properties transferred to self-use properties	16,530,141.57
(2) Impact of foreign currency translation	649,333.79
4. Closing balance	449,104,355.65

II. Accumulated depreciation and accumulated amortization	
1. Opening balance	163,566,933.07
2. Additions during the year	41,828,939.57
(1) Provisions	25,615,296.87
(2) Transfer from fixed assets	16,213,642.70
3. Deductions during the year	1,039,877.42
(1) Investment properties transferred to self-use properties	720,995.91
(2) Impact of foreign currency translation	318,881.51
4. Closing balance	204,355,995.22

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	244,748,360.43
2. Opening carrying value	183,747,207.19

(2) Investment properties without proper title certificates

As at December 31, 2020, 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 Company believed that the ongoing application for the above title certificates will not affect the use of the properties.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(3) Undiscounted future lease receipts after the balance sheet date

Maturity analysis of undiscounted operating future lease receipts	June 30, 2020	December 31, 2019
The first year after the balance sheet date	38,437,564.20	45,457,129.31
The second year after the balance sheet date	10,376,082.21	32,096,578.71
The third year after the balance sheet date	4,795,361.55	2,834,588.13
The fourth year after the balance sheet date	4,732,664.55	2,769,068.72
The fifth year after the balance sheet date	4,732,667.55	2,699,402.05
After the sixth year after the balance sheet date	23,502,130.79	9,193,381.27
Total	86,576,470.85	95,050,148.19

15. 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
2020							
I. Original carrying value							
1. Opening balance	69,403,405,224.47	255,779,951,065.15	162,634,250.88	2,700,547,840.23	2,671,926,167.90	420,164,851.04	331,138,629,399.67
2. Additions during the year	749,568,484.11	1,294,275,319.86	8,713,833.04	370,964,496.98	-	-	2,423,522,133.99
(1) Acquisition	107,164.96	320,376,014.70	8,713,833.04	199,390,424.70	-	-	528,587,437.40
(2) Transfer from construction in progress	732,931,177.58	969,952,625.00	-	171,507,700.60	-	-	1,874,391,503.18
(3) Transfer from development costs	-	3,946,680.16	-	66,371.68	-	-	4,013,051.84
(4) Investment properties transferred to self-use properties	16,530,141.57	-	-	-	-	-	16,530,141.57
3. Deductions during the year	452,314,168.61	1,679,587,769.27	1,081,452.66	70,361,883.47	11,832,008.13	-	2,215,177,282.14
(1) Disposal	1,293,389.79	154,574,364.27	590,080.47	64,415,769.65	-	-	220,873,604.18
(2) Self-use properties transferred to investment properties	118,969,690.75	-	-	-	-	-	118,969,690.75
(3) Impact of foreign currency translation	332,051,088.07	1,525,013,405.00	491,372.19	5,946,113.82	11,832,008.13	-	1,875,333,987.21
4. Adjustment from final account for completed project	1,919,069,213.32	(2,028,185,586.26)	97,332.04	(9,676,532.03)	(23,231,561.32)	-	(141,927,134.25)
5. Closing 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
II. Accumulated depreciation							
1. Opening balance	13,847,504,580.89	57,928,155,270.59	114,949,240.59	1,901,265,079.25	369,714,368.29	10,644,176.24	74,172,232,715.85
2. Additions during the year	2,032,648,294.32	8,083,556,248.55	12,669,270.03	221,940,707.16	58,834,576.38	15,966,264.36	10,425,615,360.80
(1) Provisions	2,031,927,298.41	8,083,556,248.55	12,669,270.03	221,940,707.16	58,834,576.38	15,966,264.36	10,424,894,364.89
(2) Investment properties transferred to self-use properties	720,995.91	-	-	-	-	-	720,995.91
3. Deductions during the year	316,014,832.06	1,491,976,779.44	819,658.84	63,656,736.33	8,229,186.76	-	1,880,697,193.43
(1) Disposal	1,149,022.98	137,489,623.24	560,576.45	58,611,124.37	-	-	197,810,347.04
(2) Self-use properties transferred to investment properties	16,213,642.70	-	-	-	-	-	16,213,642.70
(3) Impact of foreign currency translation	298,652,166.38	1,354,487,156.20	259,082.39	5,045,611.96	8,229,186.76	-	1,666,673,203.69
4. Adjustment from final account for completed project	151,847,403.89	(121,691,720.01)	-	(9,206,455.90)	-	-	20,949,227.98
5. Closing 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

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	-	11,703,400.40	-	-	-	-	11,703,400.40
2. Additions during the year	-	(312,786.67)	-	-	-	-	(312,786.67)
(1) Impact of foreign currency translation	-	(312,786.67)	-	-	-	-	(312,786.67)
3. Closing balance	-	11,390,613.73	-	-	-	-	11,390,613.73
IV. Carrying value							
1. Closing 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. Opening carrying value	55,555,900,643.58	197,840,092,394.16	47,685,010.29	799,282,760.98	2,302,211,799.61	409,520,674.80	256,954,693,283.42

(2) As at December 31, 2020 and December 31, 2019, the Group had no temporarily idle fixed assets.

(3) As at December 31, 2020 and December 31, 2019, the Group had no fixed assets under operating leases.

(4) Fixed assets without proper title certificates

As at December 31, 2020 and December 31, 2019, the carrying values of the properties held by the Group for which the application of title certificates was still in progress amounted to RMB6,782,013,801.57 and RMB6,010,592,201.47, respectively. The directors of the Company believed that the ongoing application for the above title certificates will not affect the use of the properties.

16. Construction in progress

(1) Construction in progress

Name of project	December 31, 2020			December 31, 2019		
	Carrying balance	Impairment provision	Carrying value	Carrying balance	Impairment provision	Carrying value
Fangchenggang Nuclear Phase II Project	23,510,306,511.56	-	23,510,306,511.56	18,493,655,613.45	-	18,493,655,613.45
Lufeng Nuclear Project	18,260,484,723.24	-	18,260,484,723.24	17,172,511,687.31	-	17,172,511,687.31
Baolong Industrial Park project	945,832,249.79	-	945,832,249.79	98,373,003.16	-	98,373,003.16
Ningde Nuclear project	520,626,948.61	-	520,626,948.61	348,772,240.36	-	348,772,240.36
Others	4,127,519,002.98	-	4,127,519,002.98	3,127,257,469.01	-	3,127,257,469.01
Total	47,364,769,436.18	-	47,364,769,436.18	39,240,570,013.29	-	39,240,570,013.29

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(All amounts in RMB unless otherwise stated)

(2) Changes in major construction in progress

Name of project	Budget amount	January 1, 2020	Additions during the year	Transfer to fixed assets	Transfer to development costs	December 31, 2020	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	37,489,790,000.00	18,493,655,613.45	5,326,092,515.49	309,441,617.38	-	23,510,306,511.56	63.00	63.00	2,193,994,467.82	733,075,744.37	4.64	Self-owned funds, loans
Lufeng Nuclear Project (Note 1)	N/A	17,172,511,687.31	1,089,039,889.22	1,066,853.29	-	18,260,484,723.24	N/A	N/A	3,140,378,720.66	312,747,918.85	4.15	Self-owned funds, loans
Beidong Industrial Park project	2,985,010,000.00	553,295,846.69	392,536,403.10	-	-	945,832,249.79	31.69	31.69	26,977,275.41	14,749,119.19	4.90	Self-owned funds, loans
Ningde Nuclear project	57,868,510,000.00	348,772,240.36	479,130,315.80	278,087,634.01	291,187,973.54	520,626,948.61	2.16	2.16	-	-	-	Self-owned funds
Total		36,568,235,387.81	7,286,799,123.61	588,596,104.68	291,187,973.54	43,237,250,433.20			5,361,350,463.89	1,060,572,782.41		

(3) As at December 31, 2020 and December 31, 2019, the Group did not need to make impairment provision for construction in progress.

17. Right-of-use assets

(1) Right-of-use assets

Item	Buildings and structures	Machinery and equipment	Total
2020			
I. Original carrying value			
1. Opening balance	1,267,386,523.84	–	1,267,386,523.84
2. Additions during the year	189,998,418.65	881,398.43	190,879,817.08
(1) Increase in additions	189,998,418.65	881,398.43	190,879,817.08
3. Deductions during the year	23,134,539.75	21,148.67	23,155,688.42
(1) Deductions due to termination of contracts	20,498,163.32	21,148.67	20,519,311.99
(2) Impact of foreign currency translation	2,636,376.43	–	2,636,376.43
4. Closing balance	1,434,250,402.74	860,249.76	1,435,110,652.50
II. Accumulated depreciation			
1. Opening balance	222,230,197.74	–	222,230,197.74
2. Additions during the year	286,316,821.16	134,432.69	286,451,253.85
(1) Provisions	286,316,821.16	134,432.69	286,451,253.85
3. Deductions during the year	13,058,840.11	–	13,058,840.11
(1) Deductions due to termination of contracts	12,118,892.86	–	12,118,892.86
(2) Impact of foreign currency translation	939,947.25	–	939,947.25
4. Closing balance	495,488,178.79	134,432.69	495,622,611.48
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	938,762,223.95	725,817.07	939,488,041.02
2. Opening balance	1,045,156,326.10	–	1,045,156,326.10

(2) Amounts recognized in profit or loss

Buildings and structures, machinery and equipment	2020	2019
Depreciation expenses of right-of-use assets (Note 1)	284,659,503.71	220,712,670.92
Interest expenses on the lease liabilities (Note 2)	41,542,830.92	53,259,974.56
Short-term lease expenses	75,611,153.58	4,494,600.00

Note 1: In 2020, the capitalized depreciation expense of right-of-use assets amounted to RMB1,791,750.14.

Note 2: In 2020, the interest expense on the lease liabilities amounted to RMB503,913.93.

(3) In 2020, the total cash outflow of the Group's leases amounted to RMB320,765,153.09.

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(All amounts in RMB unless otherwise stated)

18. Intangible assets

(1) Intangible assets

Item	Land use rights	Computer software	Patent rights	Non-patented technology	Sea area use right	Others	Total
2020							
I. Original carrying value							
1. Opening balance	4,324,856,941.70	1,920,773,595.81	667,819,270.25	602,862,266.26	263,676,952.00	92,804,022.62	7,872,793,048.64
2. Additions during the year	70,596,400.83	211,796,887.88	267,362,787.72	59,506,829.99	0	-	609,262,906.42
(1) Acquisition	31,744,800.83	58,064,397.37	4,872,564.96	238,766.67	-	-	94,920,529.83
(2) Transfer from construction in progress	38,851,600.00	62,842,054.89	926,555.76	269,160.70	0	-	102,889,371.35
(3) Transfer from development cost	-	90,890,435.62	138,147,705.12	182,414,864.50	-	-	411,453,005.24
(4) Reclassification	-	-	123,415,961.88	(123,415,961.88)	-	-	-
3. Deductions during the year	71,279,652.29	15,298,668.28	-	-	-	-	86,578,320.57
(1) Disposal or retirement	46,545,463.46	1,579,589.30	-	-	-	-	48,125,052.76
(2) Impact of foreign currency translation	24,734,188.83	13,719,078.98	-	-	-	-	38,453,267.81
4. Closing 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
II. Accumulated amortization							
1. Opening balance	932,647,625.04	1,471,135,567.18	225,213,288.44	244,669,212.85	22,424,056.18	39,674,839.98	2,935,764,589.67
2. Additions during the year	101,963,690.41	192,859,862.02	109,046,933.25	38,175,678.02	5,969,826.64	234,631.32	448,250,621.66
(1) Provisions	101,963,690.41	192,859,862.02	94,292,471.97	52,930,139.30	5,969,826.64	234,631.32	448,250,621.66
(2) Reclassification	-	-	14,754,461.28	(14,754,461.28)	-	-	-
3. Deductions during the year	21,527,489.89	14,189,240.75	-	-	-	-	35,716,730.64
(1) Disposal or retirement	3,334,713.24	1,064,245.26	-	-	-	-	4,398,958.50
(2) Impact of foreign currency translation	18,192,776.65	13,124,995.49	-	-	-	-	31,317,772.14
4. Closing 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
III. Impairment provision							
1. Opening balance	-	-	-	-	-	-	-
2. Additions during the year	-	-	-	-	-	-	-
3. Deductions during the year	-	-	-	-	-	-	-
4. Closing balance	-	-	-	-	-	-	-
IV. Carrying amount							
1. Closing carrying value	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
2. Opening carrying value	3,392,209,316.66	449,638,028.63	442,605,981.81	358,193,053.41	241,252,895.82	53,129,182.64	4,937,028,458.97

As at December 31, 2020 and December 31, 2019, the Group's intangible assets from internal R&D accounted for 19.75% and 15.83% of the balance of intangible assets, respectively.

(2) Right-of-use assets without proper title certificates

As at December 31, 2020 and December 31, 2019, the Group had no right-of-use assets without proper title certificates.

19. Development cost

Item	January 1, 2020	Additions during the year	Deductions during the year			December 31, 2020
			Transfer to intangible asset during the year	Transfer to fixed assets during the year	Transfer to profit or loss during the year	
AP1000	353,103,266.54	130,913,609.62	2,312,305.15	–	46,432.00	481,658,139.01
HPR/ACPR 1000	380,054,498.09	53,645,949.01	146,830,326.78	–	615,551.46	286,254,568.86
Others	1,541,067,910.42	809,797,613.42	262,310,373.31	4,013,051.84	57,360,612.04	2,027,181,486.65
Total	2,274,225,675.05	994,357,172.05	411,453,005.24	4,013,051.84	58,022,595.50	2,795,094,194.52

20. Goodwill

Item	January 1, 2020 and December 31, 2020
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, 2020, 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 2021 to 2056 and are discounted using a discount rate of 9.29%. 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.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

21. Long-term deferred expenses

Item	January 1, 2020	Increase during the year	Amortization for the year	Impact of foreign currency translation	December 31, 2020
Nuclear power production preparation					
staff training fee (Note 1)	992,579,716.04	82,976,044.42	48,576,215.82	26,190,847.47	1,000,788,697.17
Emergency passages (Note 2)	382,707,373.45	730,388.23	29,764,176.68	-	353,673,585.00
Others	98,140,683.83	38,243,800.36	17,717,893.15	218,906.52	118,447,684.52
Total	1,473,427,773.32	121,950,233.01	96,058,285.65	26,409,753.99	1,472,909,966.69

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.

22. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets after offset and corresponding deductible temporary differences after offset

Item	December 31, 2020		December 31, 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Unrealized profit arising from internal transactions	8,035,257,551.88	2,008,814,387.97	7,321,752,176.99	1,830,438,044.25
Deferred income	313,477,687.40	46,989,965.61	219,190,314.12	32,846,859.63
Expected credit losses	155,558,414.59	23,842,629.47	67,481,906.58	9,875,350.23
Others	598,835,915.45	97,512,210.96	195,198,612.25	30,903,095.05
Total	9,103,129,569.32	2,177,159,194.01	7,803,623,009.94	1,904,063,349.16

(2) Deferred tax liabilities after offset and corresponding taxable temporary differences after offset

Item	December 31, 2020		December 31, 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Depreciation of fixed assets	4,172,430,337.57	1,065,084,197.79	4,208,530,264.35	1,095,318,603.42
Revaluation gain of assets for business combinations involving entities not under common control	561,375,213.60	140,343,803.40	487,639,130.10	121,909,782.50
Total	4,733,805,551.17	1,205,428,001.19	4,696,169,394.45	1,217,228,385.92

(3) Unrecognized deferred tax assets

Item	December 31, 2020	December 31, 2019
Deductible temporary differences	241,256,529.58	372,865,368.73
Deductible losses	2,210,548,245.62	1,896,938,464.33
Total	2,451,804,775.20	2,269,803,833.06

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.

- (4) According to the accounting policy set out in the notes, since some subsidiaries are not likely to obtain future taxable profits that can be used to offset the relevant losses, as at December 31, 2020, the Group has not yet recognized the deferred tax assets in respect of the accumulated deductible losses of RMB2,210,548,245.62 (December 31, 2019: RMB1,896,938,464.33). According to the current tax law, these deductible losses can be offset by future taxable profits within a period of no more than 5 years from the year of occurrence (i.e. 2016).

23. Other non-current assets

Item	December 31, 2020	December 31, 2019
VAT retained at the end of the year	4,905,495,938.40	5,037,652,514.54
Prepayment for engineering equipment	2,372,296,460.26	953,857,317.37
Others	37,910,914.23	37,739,834.23
Total	7,315,703,312.89	6,029,249,666.14

24. Short-term loans

(1) Short-term loans by category

Item	December 31, 2020	December 31, 2019
Credit loans	21,122,443,315.86	14,246,581,618.90
Pledged loans	1,953,001,100.00	–
Short-term loans interest payable	48,549,033.10	16,691,839.58
Total	23,123,993,448.96	14,263,273,458.48

- (2) As at December 31, 2020 and December 31, 2019, the Group had no overdue and unsettled short-term loans.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

25. Bills payable

(1) Bills payable by category

Item	December 31, 2020	December 31, 2019
Commercial acceptance bills	–	24,936,897.30
Bank acceptance bills	4,418,030,262.41	2,593,446,897.71
Total	4,418,030,262.41	2,618,383,795.01

As at December 31, 2020 and December 31, 2019, the Group had no overdue and unsettled bills payable.

26. Accounts payable

(1) Accounts payable by aging

Aging	December 31, 2020	December 31, 2019
Within 1 year	14,526,762,424.41	16,816,576,820.68
1 to 2 years	3,351,245,049.36	1,429,846,114.77
2 to 3 years	149,745,265.48	654,954,693.70
More than 3 years	670,764,658.15	1,082,102,135.94
Total	18,698,517,397.40	19,983,479,765.09

The aging analysis is counted starting from the date when accounts payable are recognized.

(2) Accounts payable aged over one year with significant amount

December 31, 2020

Name of creditors	Amount	Reason for outstanding or not transfer
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)	297,619,492.36	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)	214,839,910.67	Not yet settled
China Construction Second Engineering Bureau Ltd. (中國建築第二工程局有限公司)	135,160,885.22	Not yet settled
MITSUBISHI ELECTRIC (H.K.) LTD	96,361,317.38	Not yet settled
Mitsubishi Electric Corporation (三菱電機株式會社)	71,871,465.21	Not yet settled
Total	815,853,070.84	

27. Contract liabilities

(1) Contract liabilities

Item	December 31, 2020	December 31, 2019
Settled payments of uncompleted construction, installation and design service contracts	3,181,547,355.22	1,520,769,634.57
Payments of sales, technical services and construction, installation and design services received in advance	49,491,306.23	22,472,717.98
Total	3,231,038,661.45	1,543,242,352.55

(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.

28. Employee benefits payable

(1) Employee benefits payable

Item	January 1, 2020	Increase during the year	Decrease during the year	December 31, 2020
I. Short-term employee benefits payable	41,406,670.84	9,460,283,076.38	9,362,343,956.35	139,345,790.87
II. Post-employment benefits – defined contribution plan	9,640,067.91	887,434,187.09	885,348,287.35	11,725,967.65
III. Dismissal benefits	–	202,600.00	202,600.00	–
Total	51,046,738.75	10,347,919,863.47	10,247,894,843.70	151,071,758.52

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(2) Short-term employee benefits

Item	January 1, 2020	Increase during the year	Decrease during the year	December 31, 2020
1. Salaries, bonuses, allowances and subsidies	–	6,849,001,639.53	6,756,501,639.53	92,500,000.00
2. Staff welfare	–	1,195,796,163.21	1,195,796,163.21	–
3. Social insurance premiums	325,854.27	507,658,497.48	504,903,124.67	3,081,227.08
Including: Basic medical insurance	201,765.56	189,428,162.22	188,378,457.20	1,251,470.58
Supplementary medical insurance	0.07	289,932,886.24	288,262,979.50	1,669,906.81
Work-related injury insurance	53,601.25	7,383,849.63	7,296,255.21	141,195.67
Maternity insurance	70,487.39	20,800,017.77	20,851,851.14	18,654.02
Others	–	113,581.62	113,581.62	–
4. Housing provident funds	3,977,747.58	591,746,145.69	592,011,317.31	3,712,575.96
5. Labor union expenditures and employees' education expenses	36,641,924.06	191,981,550.18	188,762,302.41	39,861,171.83
6. Other short-term employee benefits	461,144.93	124,099,080.29	124,369,409.22	190,816.00
Total	41,406,670.84	9,460,283,076.38	9,362,343,956.35	139,345,790.87

(3) Post-employment benefits – defined contribution plan

Item	January 1, 2020	Increase during the year	Decrease during the year	December 31, 2020
1. Basic pension insurance	1,001,065.68	368,085,312.08	365,021,219.49	4,065,158.27
2. Unemployment insurance	54,481.41	3,639,872.11	3,611,359.71	82,993.81
3. Corporate annuity contribution	8,584,520.82	515,709,002.90	516,715,708.15	7,577,815.57
Total	9,640,067.91	887,434,187.09	885,348,287.35	11,725,967.65

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.

29. Taxes payable

Item	December 31, 2020	December 31, 2019
VAT	407,229,775.26	401,087,335.77
Urban maintenance and construction tax	29,329,928.45	27,191,483.98
Enterprise income tax	874,516,621.97	920,861,678.96
Withholding individual income tax	131,204,000.98	78,476,104.38
Real estate tax	2,943,332.65	3,007,546.06
Duty stamp	1,108,352.37	2,630,494.73
Education surcharges	20,990,429.64	19,462,919.64
Others	2,506,760.21	4,035,758.81
Total	1,469,829,201.53	1,456,753,322.33

30. Other payables

Item	December 31, 2020	December 31, 2019
Dividends payable	9,053,293.01	4,775,112.45
Other payables	4,532,340,322.78	3,812,981,522.86
Total	4,541,393,615.79	3,817,756,635.31

(1) Dividends payable

Name of entity	December 31, 2020	December 31, 2019
Guangdong Electric Power Design Institute of China Energy Engineering Group	9,053,293.01	4,775,112.45

Note: As at December 31, 2020 and December 31, 2019, the Group had no dividends payable for more than 1 year.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(2) Other payables

(a) Other payables by nature

Item	December 31, 2020	December 31, 2019
Spent fuel management fund	2,004,120,836.77	1,666,053,671.40
Related party payments	2,059,677,003.01	1,694,228,858.41
Others	468,542,483.00	452,698,993.05
Total	4,532,340,322.78	3,812,981,522.86

(b) Other payables aged over one year with significant amount

Item	December 31, 2020	December 31, 2019	Reason for outstanding or not transfer
CGNPC	70,983,454.97	70,057,866.02	Not yet settled
Guangxi GI Energy Co., Ltd. (廣西廣投能源有限公司)	1,591,861,440.00	577,200,000.00	Not yet settled
Total	1,662,844,894.97	647,257,866.02	

31. Non-current liabilities due within one year

Item	December 31, 2020	December 31, 2019
Long-term loans due within one year	16,188,601,190.14	19,409,032,724.59
Long-term loans interest payable	275,296,564.48	318,957,134.52
Bonds payable due within one year	3,998,270,796.35	2,499,772,044.29
Bonds payable interests payable	197,268,124.33	238,679,631.17
Post-employment benefit scheme liabilities due within one year	2,716,653.38	2,783,999.04
Lease liabilities due within one year	247,102,487.71	278,363,939.11
Total	20,909,255,816.39	22,747,589,472.72

32. Other current liabilities

Item	December 31, 2020	December 31, 2019
Pending output tax	609,623,356.68	536,334,171.47

33. Long-term loans

(1) Long-term loans by category

Item	December 31, 2020	December 31, 2019
Credit loans	19,042,406,012.38	24,379,836,231.47
Guaranteed loans (Note 1)	3,000,000,000.00	3,000,000,000.00
Pledged loans (Note 2)	150,140,469,397.78	159,011,962,139.45
Secured loans (Note 3)	698,914,812.09	877,046,513.14
Total	172,881,790,222.25	187,268,844,884.06
Less: Long-term loans due within one year	16,188,601,190.14	19,409,032,724.59
Long-term loans due after one year	156,693,189,032.11	167,859,812,159.47

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, 2020, the loan had not expired.

Note 2: Pledged loans are pledged by the Group with its interests under sales agreements of electricity and equity interest held. As at December 31, 2020, GNIC, Taishan Investment and CGN Power Co., Ltd. pledged the equity of Taishan Nuclear to obtain long-term loans, and GNIC, CGN Power Co., Ltd. and CGN Nuclear Power Investment Co., Ltd. pledged the equity of Lingdong Nuclear to obtain long-term loans. For details of other pledges of the Group, please refer to Note (V)64.

Note 3: Secured loans are secured by the Company's subsidiaries Lingdong Nuclear, SNPRI and CGN Engineering with land use rights, buildings and equipment. For details, please refer to Note (V)64.

The range of annual interest rate of the above loans:

	2020	2019
Range of annual interest rate of the above loans	0.40%-5.30%	0.49% – 5.30%

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

34. Bonds payable

(1) Bonds payable

Category	December 31, 2020	December 31, 2019
Long-term bonds	2,000,000,000.00	4,499,772,044.29
Medium-term notes (Note)	9,488,124,731.22	6,987,133,846.98
Total	11,488,124,731.22	11,486,905,891.27
Less: Bonds payable due within one year	3,998,270,796.35	2,499,772,044.29
Bonds payable due after one year	7,489,853,934.87	8,987,133,846.98

Note: The Group issued 18 CGN Power MTN001, MTN002, MTN003, MTN004, 19 CGN Power MTN001 and MTN002 and 20 CGN Power MTN001 (medium-term notes) on April 24, 2018, April 24, 2018, August 21, 2018, October 17, 2018, January 18, 2019, July 22, 2019 and August 26, 2020, respectively. These medium-term notes, with nominal values amounting to RMB1,000,000,000.00, RMB1,000,000,000.00, RMB1,000,000,000.00, RMB1,000,000,000.00, RMB1,500,000,000.00, RMB1,500,000,000.00 and RMB2,500,000,000.00, respectively, and a total cost of issuance of RMB28,500,000.00, will become due and payable in April 2021, April 2021, August 2021, October 2021, January 2022, July 2022 and August 2023, respectively.

(2) Changes in bonds payable

2020

Name of bonds	Face value	Issue date	Term	Issue amount	January 1, 2020	Issue during the year	Accrued interest based on the face value	Amortization of premiums or discounts	Repayment during the year	December 31, 2020
07 CGN Debt	2,000,000,000.00	20/12/2007	15 years	2,000,000,000.00	2,000,000,000.00	-	118,323,287.68	-	-	2,000,000,000.00
10 CGN Debt	2,500,000,000.00	12/05/2010	10 years	2,500,000,000.00	2,499,772,044.29	-	42,115,655.07	-	2,499,772,044.29	-
18 CGN Power MTN001	1,000,000,000.00	24/04/2018	3 years	1,000,000,000.00	998,638,230.33	-	47,000,000.00	1,148,351.68	-	999,786,582.01
18 CGN Power MTN002	1,000,000,000.00	24/04/2018	3 years	1,000,000,000.00	998,638,653.96	-	46,900,000.00	1,148,465.30	-	999,787,119.26
18 CGN Power MTN003	1,000,000,000.00	21/08/2018	3 years	1,000,000,000.00	998,313,728.40	-	42,400,000.00	1,130,594.22	-	999,444,322.62
18 CGN Power MTN004	1,000,000,000.00	17/10/2018	3 years	1,000,000,000.00	998,077,921.93	-	40,410,410.96	1,174,850.53	-	999,252,772.46
19 CGN Power MTN001	1,500,000,000.00	18/01/2019	3 years	1,500,000,000.00	1,497,362,776.46	-	52,643,835.62	1,350,813.68	-	1,498,713,590.14
19 CGN Power MTN002	1,500,000,000.00	22/07/2019	3 years	1,500,000,000.00	1,496,102,535.90	-	53,250,000.00	1,751,711.48	-	1,497,854,247.38
20 CGN Power MTN001	2,500,000,000.00	26/08/2020	3 years	2,500,000,000.00	-	2,500,000,000.00	31,736,986.30	(6,713,902.65)	-	2,493,286,097.35
Total	14,000,000,000.00			14,000,000,000.00	11,486,905,891.27	2,500,000,000.00	474,780,175.63	990,884.24	2,499,772,044.29	11,488,124,731.22
Less: Bonds payable due within one year					2,499,772,044.29					3,998,270,796.35
Bonds payable due after one year					8,987,133,846.98					7,489,853,934.87

35. Lease liabilities

(1) Lease liabilities

Item	December 31, 2020	December 31, 2019
Lease liabilities	824,037,195.19	973,919,623.65
Less: Lease liabilities due within one year	247,102,487.71	278,363,939.11
Lease liabilities due after one year	576,934,707.48	695,555,684.54

(2) Term of lease liabilities

Item	December 31, 2020	December 31, 2019
Within 1 year	247,102,487.71	278,363,939.11
1 to 2 years (including 2 years)	130,309,341.19	199,282,249.13
2 to 5 years (including 5 years)	222,617,971.65	275,550,310.75
More than 5 years	224,007,394.64	220,723,124.66
Total	824,037,195.19	973,919,623.65

36. Long-term employee benefits payable

(1) Long-term employee benefits payable

Item	December 31, 2020	December 31, 2019
Post-employment benefits - net liabilities of defined benefit plan	42,022,653.38	44,240,999.04
Cash-settled share-based payment	35,764,317.95	78,312,817.00
Total	77,786,971.33	122,553,816.04
Less: Liabilities of post-employment benefits due within one year	2,716,653.38	2,783,999.04
Net amount	75,070,317.95	119,769,817.00

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(2) Changes in defined benefit plan

The present value of obligations under the defined benefit plan:

Item	2020
I. Opening balance	44,240,999.04
II. Defined benefit cost included in profit or loss	1,383,000.00
1. Past service cost	–
2. Net interest	1,383,000.00
III. Defined benefit cost included in other comprehensive income	902,433.89
1. Actuarial gains	902,433.89
IV. Other changes	(4,503,779.55)
1. Paid benefits	(4,503,779.55)
V. Closing balance	42,022,653.38

The Group applies the following discount rate and growth rate actuarial assumptions for the above results of the defined benefit plan:

Item	2020	2019
Discount rate		
Discharge benefit plan	2.90%	2.80%
Retirement benefit plan	3.10%	3.20%
Growth rate		
Discharge benefit plan	2.00%	2.00%
Retirement benefit plan	2.70%	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, 2020 and December 31, 2019, 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 Mercer Consulting (China) Co., Ltd. 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.

37. Provisions

Item	December 31, 2020	December 31, 2019	Reason
Provision for NPP decommissioning	4,601,580,302.59	4,415,795,933.61	Note 1
Provision for low and medium level radioactive waste disposal	425,666,773.00	493,740,971.87	Note 2
Others	3,679,668.02	1,092,684.47	
Total	5,030,926,743.61	4,910,629,589.95	

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.

38. Deferred income

Item	January 1, 2020	Increase during the year	Amortization amount of the year	Impact of foreign currency translation	December 31, 2020
Government grants	1,873,337,839.76	311,514,261.58	(153,216,914.34)	11,975,784.48	2,043,610,971.48

(1) Items related to government grants

Item	January 1, 2020	Increase in grants during the year	Amount recognized in other gains for the year	Impact of foreign currency translation	December 31, 2020
Government grants related to asset	1,526,127,784.70	241,761,604.65	(116,298,039.84)	11,975,784.48	1,663,567,133.99
Government grants related to income	347,210,055.06	69,752,656.93	(36,918,874.50)	-	380,043,837.49
Total	1,873,337,839.76	311,514,261.58	(153,216,914.34)	11,975,784.48	2,043,610,971.48

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(All amounts in RMB unless otherwise stated)

(2) Details

Item	January 1, 2020	Increase in grants during the year	Amount recognized in other gains for the year	Impact of foreign currency translation	December 31, 2020	Related to asset/related to income
Special fund for infrastructure expenses of nuclear power equipment proprietary project from the Ministry of Finance	64,902,000.00	-	(5,493,000.00)	-	59,409,000.00	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	29,715,000.00	-	(11,886,000.00)	-	17,829,000.00	Related to asset
Grant for Daya Bay spent fuel storage facility renovation project	392,340,440.67	-	(2,074,469.00)	11,975,784.48	402,241,756.15	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	73,275,782.12	-	(2,688,044.23)	-	70,587,737.89	Related to asset
Research fund for key technologies for accident-tolerant fuels	50,308,000.00	-	(838,466.66)	-	49,469,533.34	Related to asset
Other government grants related to income	347,210,055.06	69,752,656.93	(36,918,874.50)	-	380,043,837.49	Related to income
Other government grants related to asset	731,568,761.91	241,761,604.65	(93,318,059.95)	-	880,012,306.61	Related to asset
Total	1,873,337,839.76	311,514,261.58	(153,216,914.34)	11,975,784.48	2,043,610,971.48	

39. Share capital

	December 31, 2020	December 31, 2019
Restricted shares		
A shares	29,580,630,375.00	37,287,744,526.00
Including: CGNPC	29,176,641,375.00	29,176,641,375.00
Guangdong Hengjian Investment Holdings Co., Ltd. (廣東恒健投資控股有限公司)	-	3,428,512,500.00
Other domestic shares	403,989,000.00	4,682,590,651.00
Subtotal	29,580,630,375.00	37,287,744,526.00
Unrestricted shares		
A shares	9,754,355,725.00	2,047,241,574.00
Including: Guangdong Hengjian Investment Holdings Co., Ltd. (廣東恒健投資控股有限公司)	3,428,512,500.00	-
Other A shares	6,325,843,225.00	2,047,241,574.00
Overseas listed foreign shares (H shares)	11,163,625,000.00	11,163,625,000.00
Including: CGNPC and its subsidiaries	103,726,000.00	-
Other H shares	11,059,899,000.00	11,163,625,000.00
Subtotal	20,917,980,725.00	13,210,866,574.00
Total	50,498,611,100.00	50,498,611,100.00

CGNPC had planned to continue to increase its holdings of H shares of the Company within 12 months from March 26, 2020 (the "Shareholding Increase Date"), and the cumulative increase in holdings would not exceed 2% of the total number of issued H shares of the Company as of the Shareholding Increase Date. On the Shareholding Increase Date, CGNPC, the controlling shareholder of the Company, increased its holdings of the H shares of the Company by 2,970,000 shares with its own funds. As at December 31, 2020, CGNPC and its subsidiaries had increased their holdings by 103,726,000 H shares of the Company in total.

40. Capital reserve

Item	January 1, 2020	Increase during the year	December 31, 2020
Share premium	32,850,511,766.08	–	32,850,511,766.08
– 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	–	265,681,118.16
Restructuring valuation adjustment	(27,701,479,836.62)	–	(27,701,479,836.62)
Other capital reserve	5,553,290,912.67	81,681,291.21	5,634,972,203.88
Total	10,702,322,842.13	81,681,291.21	10,784,004,133.34

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(All amounts in RMB unless otherwise stated)

41. Other comprehensive income

Item	Balance as at January 1, 2020	Amount incurred for the year				Balance as at December 31, 2020
		Incurring amount before income tax for the year	Less: Income tax expenses	Attributable to the shareholders of parent company, after-tax	Attributable to minority shareholders, after-tax	
I. Other comprehensive income that will not be reclassified to profit or loss	101,499,952.50	12,341,059.42	2,659,676.33	9,681,133.09	250.00	111,181,085.59
1. Change arising from remeasurement of defined benefit plan	(13,738,500.00)	902,433.89	-	902,183.89	250.00	(12,836,316.11)
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method	-	(6,292,550.00)	-	(6,292,550.00)	-	(6,292,550.00)
3. Change in fair value of investment in other equity instruments	115,238,452.50	17,731,175.53	2,659,676.33	15,071,499.20	-	130,309,951.70
II. Other comprehensive income that may be reclassified to profit or loss	665,084,708.93	(492,625,492.59)	-	(370,959,086.39)	(121,666,406.20)	294,125,622.54
1. Other comprehensive income that can be transferred to profit or loss under the equity method	4,126,573.52	(5,959,867.78)	-	(5,959,867.78)	-	(1,833,294.26)
2. Translation differences arising from translation of foreign currency financial statements	660,958,135.41	(486,665,624.81)	-	(364,999,218.61)	(121,666,406.20)	295,958,916.80
Total other comprehensive income	766,584,661.43	(480,284,433.17)	2,659,676.33	(361,277,953.30)	(121,666,156.20)	405,306,708.13

42. Specific reserve

Item	January 1, 2020	Increase during the year	Decrease during the year	December 31, 2020
Safe production expenses	222,401,570.36	140,254,721.64	113,794,031.50	248,862,260.50

43. Surplus reserve

Item	January 1, 2020	Transfer to surplus reserve during the year	Decrease during the year	December 31, 2020
Statutory surplus reserves	3,944,339,314.63	402,285,504.90	-	4,346,624,819.53

44. Retained earnings

Item	2020	2019
Retained earnings at the beginning of the year	23,667,716,575.70	18,077,156,831.53
Add: Net profit attributable to shareholders of the parent company for the year	9,562,307,621.17	9,465,700,355.79
Less: Appropriation of statutory surplus reserves	402,285,504.90	602,843,649.19
Distributable profits for shareholders	32,827,738,691.97	26,940,013,538.13
Less: Profits payable (Note 1)	3,837,873,606.54	3,272,296,962.43
Retained earnings at the end of the year (Note 2)	28,989,865,085.43	23,667,716,575.70

Note 1: On May 20, 2020, a profit distribution plan was considered and approved at the general meeting of the Company, which proposed to distribute cash dividends of RMB0.076 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 2019 of RMB3,837,873,606.54 to shareholders. As at December 31, 2020, the dividends above have been paid.

Note 2: As at December 31, 2020 and December 31, 2019, the balance of retained earnings of the Group included the surplus reserves used by subsidiaries which were RMB8,064,507,452.07 and RMB7,082,919,055.14, respectively.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

45. Operating revenue and operating costs

Item	2020		2019	
	Revenue	Cost	Revenue	Cost
From principal operations	70,156,726,724.06	44,023,799,741.22	60,589,245,467.36	35,185,491,661.50
Of which: Sales of electricity	55,511,979,059.34	29,950,692,954.90	52,783,020,377.01	27,743,385,671.64
Construction, installation and design services	12,776,551,417.97	12,640,665,612.43	6,163,681,030.01	6,144,634,380.26
Rendering of services	934,409,442.09	674,023,497.88	900,621,726.14	589,537,703.67
Sales of goods and others	933,786,804.66	758,417,676.01	741,922,334.20	707,933,905.93
From other operations	427,983,833.07	395,492,040.96	285,930,787.54	285,968,457.96
Total	70,584,710,557.13	44,419,291,782.18	60,875,176,254.90	35,471,460,119.64

- (1) For the details of operating revenue, please refer to Note (XIV)1(2).
- (2) As at December 31, 2020, the transaction price attributable to outstanding (or partially outstanding) performance obligation and the estimated time of revenue recognition:

Item	After January 1,				Total
	2021	2022	2023	2024	
Construction, installation and design services	16,519,175,275.59	18,978,292,867.97	5,001,591,548.52	17,494,659,909.71	57,993,719,601.79
Rendering of services	383,832,000.00	599,493,700.00	712,725,400.00	524,752,200.00	2,220,803,300.00
Sales of goods and others	315,000,000.00	190,000,000.00	140,000,000.00	176,000,000.00	821,000,000.00
Total	17,218,007,275.59	19,767,786,567.97	5,854,316,948.52	18,195,412,109.71	61,035,522,901.79

- (3) As at December 31, 2020, there was no significant variable consideration in the transaction price of the Group.

46. Taxes and surcharges

Item	2020	2019
City maintenance and construction tax	257,527,004.87	312,657,807.13
Education surcharges	184,208,999.99	223,384,487.28
Real estate tax	129,525,345.10	100,672,788.60
Stamp duty	43,031,902.48	38,369,637.51
Others	7,444,880.83	24,783,558.12
Total	621,738,133.27	699,868,278.64

47. Selling expenses

Item	2020	2019
Employees' remuneration	45,088,027.29	45,446,200.35
Others	26,070,527.50	33,551,712.57
Total	71,158,554.79	78,997,912.92

48. Administrative expenses

Item	2020	2019
Employees remuneration	1,222,108,272.77	1,143,030,371.24
Depreciation and amortization	453,513,441.74	420,111,939.94
Information technology expenses	185,961,247.09	127,269,950.31
Logistics service expenses	148,860,688.17	232,328,325.27
Labor technical service fees	158,293,926.10	183,886,076.76
Professional service consulting fees	41,927,453.85	9,657,469.60
Office expenses	32,572,559.38	38,159,515.43
Travelling expenses	25,069,764.32	41,958,704.84
Rental expenses	2,692,034.62	4,494,600.00
Other expenses	121,590,315.70	378,536,227.81
Total	2,392,589,703.74	2,579,433,181.20

49. R&D expenses

Item	2020	2019
Commissioning fees paid for R&D outsourcing, cooperation and others	689,345,234.91	745,471,547.53
Employees remuneration	472,337,301.76	237,284,163.81
Inspection expenses	193,633,342.89	204,194,021.96
Depreciation and amortization	79,933,882.25	65,508,406.15
Others	100,738,782.06	230,985,825.70
Total	1,535,988,543.87	1,483,443,965.15

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

50. Finance costs

Item	2020	2019
Interest expenses	9,174,177,272.62	9,965,497,005.44
Less: Capitalized interest expenses	1,449,147,955.36	2,265,282,162.32
Less: Interest income	197,865,779.92	339,092,835.28
Exchange (gains) losses	(65,038,991.08)	17,841,553.47
Less: Capitalized exchange (gains) losses	(10,804,324.29)	18,471,806.91
Interest expenses on the provision for NPP decommissioning	279,206,423.71	243,382,214.01
Interest expenses on lease liabilities	41,542,830.92	53,259,974.56
Bank charges and others	34,066,960.89	40,602,432.86
Total	7,827,745,086.07	7,697,736,375.83

51. Other gains

Item	2020	Including: Amount included in non-recurring gains and losses	2019	Including: Amount included in non-recurring gains and losses
VAT refunds (Note)	2,015,985,273.13	-	2,079,868,288.09	-
Other government grants	217,866,266.33	217,866,266.33	315,301,019.19	315,301,019.19
Others	14,636,283.78	-	10,122,228.04	-
Total	2,248,487,823.24	217,866,266.33	2,405,291,535.32	315,301,019.19

Note: For the VAT refunds received by the Group's subsidiaries that satisfied the preferential VAT "levy first, refund later" policy, the Group adopted the VAT "levy first, refund later" policy in respect of its sale of electricity to grid companies generated by Lingdong Nuclear, Yangjiang Nuclear, Fangchenggang Nuclear, Ningde Nuclear and Taishan Nuclear. For details, please see Note (IV)2.

52. Investment income

Details of investment income

Item	2020	2019
Income from long-term equity investments accounted for using the equity method	1,119,833,344.38	1,096,412,691.22
Investment income from disposal of long-term equity investments	–	143,073,493.12
Income from derivative financial instruments	11,580,810.36	934,342.44
Investment income from holding other equity instruments	20,344,882.77	22,493,800.00
Income from disposal of financial assets held for trading	–	47,509,589.03
Others	(8,182,595.75)	(3,365,704.81)
Total	1,143,576,441.76	1,307,058,211.00

53. Gains arising from changes in fair value

Item	2020	2019
(Losses) gains from changes in fair value of derivative financial instruments	(3,357,683.91)	1,624,474.53
Gains from changes in fair value of cash-settled share-based payments	8,624,550.31	2,846,497.16
Total	5,266,866.40	4,470,971.69

54. (Losses) gains from credit impairment

Item	2020	2019
Bad debts losses of accounts receivable	(22,632,943.73)	(8,800,329.85)
Bad debts (losses) gains of other receivables	(3,344,362.24)	20,858,296.55
Bad debt gains for dividends receivable	4,720,628.41	25,885,115.12
Others	–	(1,079,803.08)
Total	(21,256,677.56)	36,863,278.74

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55. Asset impairment losses

Item	2020	2019
Impairment losses of inventories	2,474,942.46	30,151,843.83
Impairment losses of contract assets	196,994,475.34	–
Total	199,469,417.80	30,151,843.83

56. Losses arising from assets disposal

Item	2020	2019
Losses from disposal of fixed assets	1,293,786.08	157,727.76

57. Non-operating income

Item	2020	Including: Amount included in non-recurring gains and losses	2019	Including: Amount included in non-recurring gains and losses
Others	44,318,439.93	44,318,439.93	18,329,088.25	18,329,088.25

58. Non-operating expenses

Item	2020	Including: Amount included in non-recurring gains and losses	2019	Including: Amount included in non-recurring gains and losses
Donations	70,839,535.30	70,839,535.30	19,490,695.15	19,490,695.15
Others	14,867,431.59	14,867,431.59	31,354,123.94	31,354,123.94
Total	85,706,966.89	85,706,966.89	50,844,819.09	50,844,819.09

59. Income tax expenses

Item	2020	2019
Current income tax expenses	2,268,250,231.44	1,904,040,504.38
Deferred income tax expenses	(282,236,553.25)	(101,078,797.50)
Adjustments to income tax of previous years	(11,528,884.67)	(33,106,713.50)
Total	1,974,484,793.52	1,769,854,993.38

(1) Reconciliation of income tax expenses to accounting profits

Item	2020	2019
Total profit	16,850,121,476.21	16,555,095,116.02
Income tax calculated at tax rate of 25%	4,212,530,369.05	4,138,773,779.01
Tax effect of tax incentives	(1,672,891,922.77)	(1,822,018,827.41)
Tax effect of non-deductible expenses	108,105,691.95	95,186,036.28
Tax effect of tax-free income	(285,044,556.79)	(290,757,719.07)
Tax effect of non-taxable income	(500,987,116.73)	(519,967,072.02)
Tax effect of unrecognized deductible losses and deductible temporary differences	269,926,146.01	369,210,489.91
Tax effect of utilization of unrecognized deductible losses and deductible temporary differences in previous years	(17,233,545.67)	(65,795,912.81)
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	(7,634,233.60)	(13,377,883.55)
Adjustment of income tax in previous years	(11,528,884.67)	(33,106,713.50)
Additional deduction for R&D costs	(151,007,444.81)	(125,716,943.77)
Others	30,250,291.55	37,425,760.31
Income tax expenses	1,974,484,793.52	1,769,854,993.38

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60. 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:

	2020	2019
Consolidated net profit attributable to shareholders of ordinary shares of the Company	9,562,307,621.17	9,465,700,355.79
Weighted average number of ordinary shares of the Company in issue	50,498,611,100.00	47,132,037,033.33
Basic earnings per share (RMB/share)	0.189	0.201

In 2020 and 2019, the Group does not have dilutive potential ordinary shares. Therefore, diluted earnings per share equals basic earnings per share.

61. Government grants

As at December 31, 2020, except for government grants related to asset and income as disclosed in Note (V) 38, the summary of government grants of the Group included in profit or loss is as follows:

	2020	2019
Government grants		
VAT refunds	2,015,985,273.13	2,079,868,288.09
Special fund for infrastructure expenses of nuclear power equipment proprietary project from the Ministry of Finance	5,493,000.00	5,493,000.00
Grant for Energy Independent Innovation Project by Ministry of Finance in 2011	11,886,000.00	11,886,000.00
Subsidy with discounted interest from special funds in Guangdong Province to encourage imports of important supplies	2,688,044.23	2,099,707.11
Provincial special funds by Taishan Finance Bureau	20,330,000.00	–
Enterprise R&D Funding by the Science and Technology Innovation Commission in 2019	6,200,000.00	–
Enterprise Contribution Award	20,000,000.00	–
R&D project of NPP full-scale serious accident simulation platform	5,946,109.73	5,092,250.43
Others	145,323,112.37	290,730,061.65
Total	2,233,851,539.46	2,395,169,307.28

62. Cash flow statements items

(1) Cash received from other operating activities

Item	2020	2019
Guarantee deposit and deposit	920,399,566.93	813,517,814.96
Service payments received from related parties and engineering payments received from related parties	1,104,393,837.87	1,174,545,691.78
Government grants related to asset	194,301,567.57	431,562,997.31
Government grants related to income	234,280,932.89	355,328,703.06
Bank settlement and interest	170,857,991.20	99,061,513.54
Research fund	34,117,441.47	27,003,345.00
Liquidated damages, refunds and advances	40,792,605.19	61,496,364.79
Rental, consulting and other services income	19,156,263.39	586,900.87
Others	298,240,030.17	184,872,624.26
Total	3,016,540,236.68	3,147,975,955.57

(2) Cash paid to other operating activities

Item	2020	2019
Guarantee deposit and deposit	1,054,625,916.42	929,838,981.93
Service payments to related parties and engineering payments received in advance	1,500,636,841.60	1,012,904,070.18
Travelling expenses and other expenses reimbursement	230,256,661.15	218,497,598.75
Labour union fees	88,520,168.52	91,956,814.81
Consulting and other services expenses	216,725,582.65	258,974,896.64
Remittance of other expenses and other reimbursements	479,648,985.83	431,383,306.79
Transportation service fees	93,134,871.67	14,658,988.51
Insurance	89,590,252.83	87,403,930.16
Others	275,982,626.11	232,264,836.41
Total	4,029,121,906.78	3,277,883,424.18

(3) Cash received from other investing activities

Item	2020	2019
Recovery of fixed deposits with maturities of more than three months	4,262,510,861.90	4,083,963,558.64
Amount received in respect of nuclear power construction and other amounts	–	1,109,405.71
Commissioning electricity fee income	–	646,347,944.00
Others	39,521,912.11	20,268,705.64
Total	4,302,032,774.01	4,751,689,613.99

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(4) Cash paid to other investing activities

Item	2020	2019
Deposit of fixed deposits with maturities of more than three months	2,942,140,081.90	5,189,791,358.64
Payments in relation to nuclear power construction and others	–	5,486,405.00
Settlement of derivative financial instruments	–	7,116,120.80
Others	29,734,142.78	15,352,386.18
Total	2,971,874,224.68	5,217,746,270.62

(5) Cash received from other financing activities

Item	2020	2019
Prepayment for investment in Fangchenggang Nuclear Phase II Project received	271,830,000.00	1,014,661,440.00
Consideration received for the equity transfer of 17% in Yangjiang Nuclear	–	300,843,139.36
Total	271,830,000.00	1,315,504,579.36

(6) Cash paid to other financing activities

Item	2020	2019
Payment of cash related to leases	320,765,153.09	282,567,127.77
Payment of prepayment for investment in Fangchenggang Nuclear Phase II Project	–	488,161,440.00
Others	16,674,600.81	42,700,859.66
Total	337,439,753.90	813,429,427.43

63. Supplementary information to cash flow statements

(1) Supplementary information to cash flow statements

Supplementary information	2020	2019
(a) Reconciliation of net profit to cash flows from operating activities:		
Net profit	14,875,636,682.69	14,785,240,122.64
Add: Losses (gains) from credit impairment	21,256,677.56	(36,863,278.74)
Asset impairment losses	199,469,417.80	30,151,843.83
Depreciation of fixed assets	10,355,836,213.53	9,513,950,809.77
Amortization of intangible assets	447,161,919.24	406,956,221.60
Amortization of long-term deferred expenses	87,660,064.47	127,903,729.77
Depreciation of investment properties	25,615,296.87	26,301,140.83
Depreciation of right-of-use assets	284,659,503.71	220,712,670.92
Losses on disposal of fixed assets, intangible assets and other long-term assets	1,293,786.08	157,727.76
Losses on retirement of fixed assets	14,193,455.71	27,154,936.59
Gains from changes in fair value	(5,266,866.40)	(4,470,971.69)
Finance costs	7,893,734,655.37	7,812,692,068.31
Investment income	(1,143,576,441.76)	(1,307,058,211.00)
Increase in deferred tax assets	(273,095,844.85)	(125,182,657.41)
Increase in deferred tax liabilities	11,800,384.73	24,103,859.91
Increase in contract assets	(579,142,581.70)	(12,470,430.18)
Increase in contract liabilities	1,687,796,308.90	707,442,604.12
Decrease in inventories	3,424,168,411.30	3,578,419,618.23
Increase in operating receivables	(7,648,053,111.33)	(6,772,442,859.42)
Increase in operating payables	473,692,591.22	1,596,200,001.61
Net cash flows from operating activities	30,154,840,523.14	30,598,898,947.45
(b) Net changes in cash and cash equivalents:		
Closing balance of cash	8,719,143,941.04	14,854,117,616.45
Less: Opening balance of cash	14,854,117,616.45	11,637,718,842.72
Add: Closing balance of cash equivalents	–	–
Less: Opening balance of cash equivalents	–	–
Net (decrease) increase in cash and cash equivalents	(6,134,973,675.41)	3,216,398,773.73

(2) Cash received for disposal of subsidiaries and other business entities

Item	2020	2019
Cash or cash equivalents received in current period for disposal of subsidiaries	9,577,157.28	709,991,700.00
Including: Shanghai Engineering Science & Technology Co., LTD (上海中廣核工程科技有限公司)	9,577,157.28	709,991,700.00
Less: Cash and cash equivalents held by the subsidiary as at the date when control is lost	–	1,684,874.80
Including: Shanghai Engineering Science & Technology Co., LTD (上海中廣核工程科技有限公司)	–	1,684,874.80
Net cash received for disposal of subsidiaries	9,577,157.28	708,306,825.20

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(3) Composition of cash and cash equivalents

Item	December 31, 2020	December 31, 2019
I. Cash	8,719,143,941.04	14,854,117,616.45
Including: Cash in hand	3,367.06	3,588.14
Bank deposits available on demand	8,719,140,573.98	14,854,114,028.31
II. Closing balance of cash and cash equivalents	8,719,143,941.04	14,854,117,616.45

64. Assets with restricted ownership or right of use

Item	December 31, 2020	December 31, 2019	Reason for being restricted
Cash at bank and in hand (Note 1)	40,739,646.75	21,750,129.76	Letters of guarantee
Accounts receivable (Note 2)	4,566,049,126.82	4,738,302,509.45	Guarantees
Fixed assets (Note 3)	16,750,727,737.33	14,863,287,049.18	Guarantees
Intangible assets (Note 4)	347,400,280.08	449,231,725.43	Guarantees
Total	21,704,916,790.98	20,072,571,413.82	

Note 1: The letter of guarantee was for the bank deposits of the Group (as the supplier) according to the supply and purchase contract.

Note 2: 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 all rights to accounts receivable from electricity sales 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 rights to accounts receivable from 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 from the electricity sales contract to CDB.

On July 29, 2010, pledging the rights to receivables from electricity sales 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 RMB19.939 billion in aggregate for the construction of its phase I project, with a term of 20 years. In addition, Fangchenggang Nuclear pledged the rights to electricity sales receivables from the phase II project and signed a series of syndicate agreements with the above-mentioned financial institutions 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 of 25 to 30 years.

On April 18, 2008, pledging the rights to accounts receivable from electricity sales 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 3: 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 Maximum Mortgage Contract signed by SNPRI and Agricultural Bank of China Co., Ltd. Suzhou High-tech Zone Technology Industry Development Zone Branch in March 2016, SNPRI pledged the land use rights of and buildings on Xihuan Road owned by it.

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 4: According to the Maximum Mortgage Contract signed by SNPRI and Agricultural Bank of China Co., Ltd. Suzhou High-tech Zone Technology Industry Development Zone Branch in March 2016, SNPRI pledged the land use rights of and buildings on Xihuan Road owned by it.

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.

65. Foreign currency monetary items

(1) Foreign currency monetary items

Item	December 31, 2020			December 31, 2019		
	Foreign currency balance	Exchange rate	RMB balance	Foreign currency balance	Exchange rate	RMB balance
Cash at bank and in hand						
Including: HKD	408,746.75	0.8342	340,976.54	9,941,559.35	0.8958	8,905,648.87
USD	2,717,561.58	6.5249	17,731,817.55	159,378,225.21	6.9762	1,111,854,374.74
EUR	17,912,929.18	7.9610	142,604,829.20	14,202,460.91	7.8155	110,999,333.26
GBP	644,897.33	8.8903	5,733,330.73	1,906,348.43	9.1501	17,443,278.77
ZAR	48,763.01	0.4458	21,738.55	47,648.45	0.4943	23,552.63
RMB	1,003,489,307.71	1.0000	1,003,489,307.71	1,474,439,148.97	1.0000	1,474,439,148.97
Accounts receivable						
Including: USD	2,155,228.21	6.5249	14,062,648.55	1,814,352.14	6.9762	12,657,283.38
EUR	1,865,904.40	7.9610	14,854,464.93	6,535,920.07	7.8155	51,081,483.33
GBP	–	8.8903	–	429,379.42	9.1501	3,928,864.64
RMB	1,680,042.79	1.0000	1,680,042.79	1,156,873.29	1.0000	1,156,873.29
Other receivables						
Including: USD	186,113.91	6.5249	1,214,374.65	74,076.93	6.9762	516,775.49
HKD	7,602.00	0.8342	6,341.59	57,600.71	0.8958	51,598.72
EUR	7,423,409.92	7.9610	59,097,766.37	7,243,828.68	7.8155	56,614,143.02
GBP	346,425.48	8.8903	3,079,826.44	328,483.49	9.1501	3,005,656.75
RMB	10,216,113.30	1.0000	10,216,113.30	6,836,307.77	1.0000	6,836,307.77
Accounts payable						
Including: HKD	14,319,816.58	0.8342	11,945,590.99	12,216,750.01	0.8958	10,943,764.66
USD	14,164,105.29	6.5249	92,419,370.61	19,726,280.34	6.9762	137,614,476.89
EUR	92,555,412.66	7.9610	736,833,640.19	110,541,825.11	7.8155	863,939,634.11
GBP	2,547,773.03	8.8903	22,650,466.57	1,232,370.85	9.1501	11,276,316.55
JPY	–	0.0658	–	9,891,739.16	0.0641	634,060.48
RMB	178,024,921.09	1.0000	178,024,921.09	443,146,728.33	1.0000	443,146,728.33
CHF	536,228.13	7.4434	3,991,360.46	543,139.39	7.2028	3,912,124.42

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

Item	December 31, 2020			December 31, 2019		
	Foreign currency balance	Exchange rate	Foreign currency balance	Exchange rate	Foreign currency balance	Exchange rate
Other payables						
Including: HKD	40,404.00	0.8342	33,705.02	40,403.10	0.8958	36,193.10
USD	400.00	6.5249	2,609.96	393.52	6.9762	2,745.28
EUR	780,956.32	7.9610	6,217,193.26	1,203,640.15	7.8155	9,407,049.61
RMB	418,105,957.61	1.0000	418,105,957.61	404,582,689.73	1.0000	404,582,689.73
Employee benefits payable						
Including: RMB	2,506,808.38	1.0000	2,506,808.38	1,551,457.77	1.0000	1,551,457.77
Taxes payable						
Including: RMB	409,628,934.88	1.0000	409,628,934.88	455,854,115.61	1.0000	455,854,115.61
Non-current liabilities due within one year						
Including: USD	-	6.5249	-	5,470,414.30	6.9762	38,162,704.24
EUR	207,773,972.71	7.9610	1,654,088,596.78	96,518,379.11	7.8155	754,339,391.93
RMB	6,608,819.68	1.0000	6,608,819.68	7,217,234.83	1.0000	7,217,234.83
Short-term loans						
Including: EUR	1,116,776.93	7.9610	8,890,661.13	45.00	7.8155	351.70
GBP	-	8.8903	-	1,888,527.99	9.1501	17,280,220.00
Long-term loans						
Including: USD	-	6.5249	-	30,087,278.52	6.9762	209,894,872.41
EUR	515,491,621.55	7.9610	4,103,828,799.15	721,096,074.79	7.8155	5,635,726,372.53
Lease liabilities						
Including: RMB	11,461,507.73	1.0000	11,461,507.73	16,920,304.86	1.0000	16,920,304.86

(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, 2020 to December 31, 2020.

2. Establishment of subsidiaries

On September 10, 2020, the Company established Shandong Zhaoyuan Nuclear Power Co., Ltd. (山東招遠核電有限公司) as its wholly-owned subsidiary.

(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	RMB16,000,000,000.00	100.00	-	Establishment
GNVIC (Note 2)	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Nuclear power generation	USD400,000,000.00	-	75.00	Establishment
DNMC (Note 1)	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Operations and management of NPP	RMB250,000,000.00	-	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	RMB100,000,000.00	77.78	-	Establishment
CGN Ningde Investment Co., Ltd. (中廣核寧投有限公司)(Note 1)	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Investment	RMB100,000,000.00	56.52	-	Establishment
Ling'ao Nuclear (Note 1)	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Nuclear power generation	RMB3,323,224,000.00	70.00	30.00	Establishment
Lingdong Nuclear (Note 1)	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Nuclear power generation	RMB5,348,000,000.00	25.00	75.00	Establishment
Yangjiang Nuclear (Note 2)	Yangjiang, Guangdong Province	Yangjiang, Guangdong Province	Nuclear power generation	RMB15,506,000,000.00	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	RMB100,000,000.00	100.00	-	Establishment
CNPRI (Note 1)	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Nuclear power technology development	RMB1,415,550,000.00	100.00	-	Establishment
Inspection Company (Note 2)	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Testing and maintenance of power stations	RMB230,000,000.00	-	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	RMB30,000,000.00	100.00	-	Establishment
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)(Note 1)	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Radiation detection and evaluation, instrument verification	RMB6,000,000.00	-	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	RMB23,500,000.00	-	100.00	Business combination not under same control
SNPRI (Note 1)	Suzhou, Jiangsu Province	Suzhou, Jiangsu Province	Nuclear power technology development	RMB513,950,000.00	100.00	-	Business combination not under same control
CNPSTC (Note 2)	Beijing	Beijing	Nuclear power technology development	RMB20,000,000.00	-	75.00	Business combination not under same control
Ningde Nuclear (Note 1)(Note 3)	Ningde, Fujian Province	Ningde, Fujian Province	Nuclear power generation	RMB11,177,500,000.00	-	46.00	Business combination not under same 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 not under same control
Taishan Investment (Note 1)	Taishan, Guangdong Province	Taishan, Guangdong Province	Investment	RMB30,000,000.00	60.00	-	Business combination not under same control
CGN Engineering (Note 1)	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Construction	RMB2,286,000,000.00	100.00	-	Business combination not under same control
CGN Design (Note 1)	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Construction design	RMB79,360,000.00	-	60.00	Business combination not under same control

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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	
CGNPC AREVA (Note 2)	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Other professional technical support	RMB280,000,000.00	-	55.00	Business combination under same control
CGN Import & Export Co., Ltd. (中廣核電進出口有限公司)(Note 1)	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Import and export trade	RMB10,000,000.00	-	100.00	Business combination under same control
Fangchenggang Nuclear (Note 1)	Fangchenggang, Guangxi	Fangchenggang, Guangxi	Nuclear power generation	RMB5,850,000,000.00	-	61.00	Business combination under same control
Lufeng Nuclear (Note 1)	Shanwei, Guangdong Province	Shanwei, Guangdong Province	Nuclear power generation	RMB3,768,000,000.00	100.00	-	Business combination under same control
Power Sales Company (Note 1)	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Sales of electricity	RMB210,000,000.00	100.00	-	Business combination under same control
Ocean Power (Note 1)	Tianjin	Tianjin	Development, construction and operations of offshore power stations	RMB50,000,000.00	100.00	-	Business combination under same control
Hebei Thermal Power (Note 1)	Chengde, Hebei Province	Chengde, Hebei Province	Thermal power development	RMB20,000,000.00	100.00	-	Business combination under same 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	RMB40,000,000.00	-	51.00	Establishment
Fangchenggang Investment (Note 1)	Fangchenggang, Guangxi	Fangchenggang, Guangxi	Investment	RMB30,000,000.00	60.00	-	Establishment
Hebei Zhonghuang Clean Thermal Energy Co., Ltd. (河北中黃清潔熱能有限公司)(Note 1)	Xingtai, Hebei Province	Xingtai, Hebei Province	Thermal power generation	RMB81,700,000.00	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
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. (福建寧核售電有限公司)(Note 1)	Fuzhou, Fujian Province	Fuzhou, Fujian Province	Power sales, electricity supply and power distribution network maintenance service	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. (山東嶗山核電有限公司)(Note 1)	Yantai, Shandong Province	Yantai, Shandong Province	Nuclear power generation	RMB100,000,000.00	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:

Note 4: As at December 31, 2020, none of the subsidiaries has issued any debt securities.

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. 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.

(2) Significant non-wholly-owned subsidiaries

Name of subsidiary	Shareholding of non-controlling shareholders	2020	Dividends announced to be distributed to non-controlling shareholders	December 31, 2020
		Gains or losses attributable to non-controlling shareholders		Balance of non-controlling interests
Yangjiang Nuclear	41.00%	1,840,581,146.42	1,599,885,725.39	9,255,127,957.70
Taishan Nuclear	30.00%	17,238,484.20	-	8,803,215,627.80
GNPJVC	25.00%	919,153,261.06	894,638,335.82	2,142,669,085.55
CGN Nuclear Power Investment Co., Ltd.	22.22%	242,468,132.73	176,326,810.00	3,143,738,784.89
CGN Ninghe Investment Co., Ltd.	43.48%	438,852,996.35	357,405,600.00	3,137,381,740.45
Ningde Nuclear	54.00%	1,184,299,831.21	964,828,997.61	7,977,066,639.30
Taishan Investment	40.00%	11,094,910.22	43,200,000.00	5,948,809,219.04
Fangchenggang Investment	40.00%	267,920,373.77	67,000,000.00	3,201,287,893.44
Fangchenggang Nuclear	39.00%	424,441,154.69	297,202,997.59	2,765,076,821.20
Total		5,346,050,290.65	4,400,488,466.41	46,374,373,769.37

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(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, 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
Including: 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
Including: 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
Total	37,877,120,737.50	289,494,679,574.51	327,371,800,312.01	62,636,697,803.11	149,265,576,277.28	211,902,274,080.39

Name of subsidiary	December 31, 2019					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Yangjiang Nuclear	10,558,062,299.91	71,294,953,110.67	81,853,015,410.58	15,221,788,264.94	44,644,806,324.49	59,866,594,589.43
Taishan Nuclear	4,829,550,499.72	92,708,047,809.10	97,537,598,308.82	11,357,889,060.74	56,893,118,769.41	68,251,007,830.15
GNPJVC	6,955,587,274.16	6,369,025,645.72	13,324,612,919.88	1,755,950,418.24	2,609,380,235.52	4,365,330,653.76
CGN Nuclear Power Investment Co., Ltd.	848,061.55	13,493,518,655.55	13,494,366,717.10	13,080.00	-	13,080.00
CGN Ninghe Investment Co., Ltd.	6,434,640,669.61	45,629,626,168.51	52,064,266,838.12	7,472,263,914.79	29,806,039,260.93	37,278,303,175.72
Including: Ningde Nuclear	6,433,824,759.22	45,210,383,495.19	51,644,208,254.41	7,472,250,834.79	29,806,039,260.93	37,278,290,095.72
Taishan Investment	108,249,840.27	14,844,191,187.83	14,952,441,028.10	155,256.06	-	155,256.06
Fangchenggang Investment	5,291,802,659.21	44,835,258,140.51	50,127,060,799.72	8,469,361,348.95	31,518,941,987.49	39,988,303,336.44
Including: Fangchenggang Nuclear	4,405,760,590.08	44,835,258,140.51	49,241,018,730.59	10,958,387,860.78	31,518,941,987.49	42,477,329,848.27
Total	34,178,741,304.43	289,174,620,717.89	323,353,362,022.32	44,277,421,343.72	165,472,286,577.84	209,749,707,921.56

Name of subsidiary	2020				2019			
	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	15,200,381,185.27	4,489,222,308.33	4,489,222,308.33	9,833,223,061.82	14,749,487,500.00	4,877,700,382.27	4,877,700,382.27	10,572,453,358.74
Taishan Nuclear	8,079,459,751.22	57,461,613.99	57,461,613.99	6,046,808,999.48	6,050,921,445.17	599,290,533.67	599,290,533.67	4,752,293,344.63
GNP/VC	7,094,663,584.91	3,676,613,044.24	3,189,947,419.43	3,746,344,668.42	7,226,095,974.66	3,381,703,607.39	3,506,404,235.28	4,769,780,111.81
CGN Nuclear Power Investment Co., Ltd.	-	1,091,215,718.86	1,091,215,718.86	(86,247.96)	-	1,162,571,600.97	1,162,571,600.97	(239,395.84)
CGN Ninghe Investment Co., Ltd.	9,905,929,709.97	2,193,621,349.96	2,193,621,349.96	6,213,960,683.80	9,389,312,196.18	1,965,427,360.87	1,965,427,360.87	4,735,563,229.66
Including: Ningde Nuclear	9,905,929,709.97	2,193,147,835.58	2,193,147,835.58	6,214,096,487.73	9,389,312,196.18	1,964,503,977.13	1,964,503,977.13	4,735,576,147.17
Taishan Investment	-	27,737,275.55	27,737,275.55	360,200.58	-	317,808,383.95	317,808,383.95	(38,742,029.08)
Fangchenggang Investment	4,955,221,288.12	1,094,242,089.11	1,094,242,089.11	3,511,913,806.28	4,912,464,331.12	865,452,036.86	865,452,036.86	2,918,036,917.66
Including: Fangchenggang Nuclear	4,955,221,288.12	1,088,310,653.06	1,088,310,653.06	3,513,901,944.32	4,912,464,331.12	846,762,924.75	846,762,924.75	2,927,760,320.32

(4) As at December 31, 2020 and December 31, 2019, 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, 2020			December 31, 2019		
	Hongyanhe Nuclear	CGN Fund Phase I	CGN Finance	Hongyanhe Nuclear	CGN Fund Phase I	CGN Finance
Current assets	8,638,762,346.36	2,319,776.65	27,698,124,311.69	7,062,873,331.90	2,077,401.60	36,728,586,972.77
Non-current assets	69,500,873,560.29	8,157,934,168.59	10,613,657,048.68	67,792,124,641.70	7,890,462,525.79	6,110,195,193.32
Total assets	78,139,635,906.65	8,160,253,945.24	38,311,781,360.37	74,854,997,973.60	7,892,539,927.39	42,838,782,166.09
Current liabilities	6,702,517,199.69	31,866.97	33,590,571,163.66	7,946,827,278.45	23,200.50	38,302,079,872.24
Non-current liabilities	54,117,976,104.53	-	802,337.83	50,615,136,111.68	-	-
Total liabilities	60,820,493,304.22	31,866.97	33,591,373,501.49	58,561,963,390.13	23,200.50	38,302,079,872.24
Equity attributable to the shareholders of the parent company	17,319,142,602.43	8,160,222,078.27	4,720,407,858.88	16,293,034,583.47	7,892,516,726.89	4,536,702,293.85
Share of net assets calculated as per shareholding Adjustments	7,793,614,171.09	2,564,757,799.20	1,416,122,357.66	7,331,865,562.56	2,480,507,512.03	1,361,010,688.16
- Unrealized profits of internal transactions	(698,125,330.11)	(62,470,105.78)	-	(665,297,659.20)	(62,470,105.78)	-
Book value of equity investment in associates	7,095,488,840.98	2,502,287,693.42	1,416,122,357.66	6,666,567,903.36	2,418,037,406.25	1,361,010,688.16
Operating revenue	9,612,902,762.42	-	1,325,943,950.81	9,530,426,147.45	-	1,222,414,347.71
Net profit	1,197,964,368.64	948,068,851.83	544,575,941.35	1,070,495,944.09	947,357,053.22	598,344,675.80
Total comprehensive income	1,197,964,368.64	948,068,851.83	544,575,941.35	1,070,495,944.09	947,357,053.22	598,344,675.80
Dividends received from associates for the year	433,550,857.36	251,428,800.00	107,923,474.97	540,225,616.61	242,000,220.00	68,642,252.61

(3) Consolidated financial information of insignificant associates

Item	December 31, 2020	December 31, 2019
Associates:		
Total book value of investment	910,164,130.77	753,675,812.76
The sum of the following items calculated as per shareholding		
- Net profit	69,504,936.20	73,792,002.06
- Other comprehensive income	(12,252,417.78)	-
- Total comprehensive income	57,252,518.42	73,792,002.06

(4) As at December 31, 2020 and December 31, 2019, 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, derivative financial instruments, 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, 2020 and December 31, 2019, 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, 2020	December 31, 2019
Cash at bank and in hand – HKD	180,945.34	8,865,950.01
Cash at bank and in hand – USD	17,731,817.55	1,111,854,374.74
Cash at bank and in hand – EUR	142,491,557.69	110,888,992.80
Cash at bank and in hand – GBP	5,697,199.93	17,406,120.94
Cash at bank and in hand – ZAR	21,737.09	23,552.63
Accounts receivable – USD	14,062,648.55	12,657,283.38
Accounts receivable – EUR	14,854,464.93	51,081,483.33
Accounts receivable – GBP	–	3,928,864.64
Other receivables – USD	1,214,374.65	516,775.49
Other receivables – EUR	59,097,766.37	56,614,143.02
Other receivables – GBP	3,079,826.44	3,005,656.75
Other receivables – HKD	–	44,789.00
Accounts payable – HKD	5,120,870.54	4,484,038.30
Accounts payable – USD	92,419,370.61	137,614,476.89
Accounts payable – EUR	732,244,025.29	859,625,033.56
Accounts payable – GBP	22,428,208.35	10,917,642.88
Accounts payable – JPY	–	634,060.48
Accounts payable – CHF	3,991,360.46	3,912,124.42
Other payables – HKD	6,341.58	6,809.72
Other payables – USD	2,609.96	2,745.28
Other payables – EUR	6,217,193.26	9,407,049.61
Non-current liabilities due within one year – USD	–	38,162,704.24
Non-current liabilities due within one year – EUR	1,654,088,596.78	754,339,391.93
Short-term loans – EUR	8,890,661.13	351.70
Short-term loans – GBP	–	17,280,220.00
Long-term loans – USD	–	209,894,872.41
Long-term loans – EUR	4,103,828,799.15	5,635,726,372.53

(b) Foreign currency assets and liabilities of the Group denominated in USD

Item	December 31, 2020	December 31, 2019
Cash at bank and in hand – RMB	1,003,489,307.71	1,474,439,148.97
Cash at bank and in hand – GBP	36,130.80	37,157.83
Cash at bank and in hand – HKD	160,031.20	39,698.86
Cash at bank and in hand – EUR	113,271.51	110,340.46
Accounts receivable – RMB	1,680,042.79	1,156,873.29
Other receivables – RMB	10,216,113.30	6,836,307.77
Other receivables – HKD	6,341.59	6,809.72
Accounts payable – RMB	178,024,921.09	443,146,728.33
Accounts payable – HKD	6,824,720.45	6,459,726.36
Accounts payable – GBP	222,258.21	358,673.67
Accounts payable – EUR	4,589,614.90	4,314,600.55
Other payables – RMB	418,105,957.61	404,582,689.73
Other payables – HKD	27,363.43	29,383.38
Non-current liabilities due within one year – RMB	6,608,819.68	7,217,234.83
Lease liabilities – RMB	11,461,507.73	16,920,304.86

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

Assumption of exchange rate risk sensitivity analysis: all net investment hedges and cash flow hedges of foreign operations are highly effective. As at December 31, 2020, for financial assets and financial liabilities held by the Group in foreign currencies, 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 RMB318,257,778.26 (December 31, 2019: decrease or increase by RMB315,255,995.36); 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 RMB19,491,803.79 (December 31, 2019: increase or decrease by RMB29,979,849.76), based on the above assumptions with other factors unchanged.

Financial assets and financial liabilities held by the Group at FVTPL are measured at fair value at the balance sheet date. For forward foreign exchange contracts and currency swap contracts, the Group bears the risk of changes in exchange rate prices and closely monitors the impact of price changes on the Group.

Since the fair values of certain financial instruments are determined by a general pricing model based on the discounted future cash flow method or other valuation techniques, and the valuation techniques themselves are based on certain valuation assumptions, as such, the valuation results are significantly sensitive to the valuation assumptions. Based on the valuation assumptions, the before-tax effects of reasonable movements of prices on current profit or loss and shareholders' equity are as follows, with other variables unchanged: as at December 31, 2020, the Group had no derivative financial instruments of forward transactions (December 31, 2019: for derivative financial instruments of forward transactions held by the Group, if exchange rate prices increase/decrease by 5%, profit before taxation of the Group would decrease by RMB5,798,496.75 or increase by RMB6,408,859.84) based on the above assumptions with other factors unchanged. On December 31, 2020, both forward foreign exchange contracts and currency swap contracts were settled.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(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) 24, 31 and 33 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, 2020, with other factors unchanged, if interest rate increases or decreases 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 RMB1,826,785,153.43 (December 31, 2019: increase or decrease by RMB1,716,397,527.81).

(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.

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

Item	December 31, 2019
Accounts receivable – Guangdong Power Grid Co., Ltd.	4,038,772,467.85
Accounts receivable – Fujian Electric Power Co., Ltd.	1,062,491,310.22
Accounts receivable – HKNIC	412,532,043.36
Accounts receivable – Guangxi Power Grid Co., Ltd.	449,436,016.42
Accounts receivable – CGNPC Zhejiang Daishan Offshore Wind Power Co., Ltd.	340,036,781.81
Total	6,303,268,619.66

(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, 2020, the current liabilities of the Group exceeded the current assets by RMB13,908,479,081.43. The Group had unutilized loan facilities from banks and other financial institutions amounting to RMB130,413,031,919.65. 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, 2020				Book value on the balance sheet
	Within one year	One to five years	Over five years	Total	
Non-derivative financial liabilities:					
Short-term loans	23,542,261,757.53	-	-	23,542,261,757.53	23,123,993,448.96
Bills payable	4,418,030,262.41	-	-	4,418,030,262.41	4,418,030,262.41
Accounts payable	18,698,517,397.40	-	-	18,698,517,397.40	18,698,517,397.40
Other payables	4,541,393,615.79	-	-	4,541,393,615.79	4,541,393,615.79
Non-current liabilities due within one year	21,880,164,385.75	-	-	21,880,164,385.75	20,909,255,816.39
Long-term loans	6,674,232,122.34	68,964,117,330.72	152,297,190,848.99	227,935,540,302.05	156,693,189,032.11
Bonds payable	313,885,758.16	8,019,394,864.97	-	8,333,280,623.13	7,489,853,934.87
Lease liabilities	-	414,610,227.77	168,116,146.14	582,726,373.91	576,934,707.48

2. Transfer of financial assets

- (1) As at December 31, 2020, the Group did not have financial assets that have been transferred but not derecognized.
- (2) As at December 31, 2020, 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, 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)

Item	December 31, 2019			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Recurring fair value measurement				
Forward foreign exchange contracts	-	3,149,401.93	-	3,149,401.93
Interest rate swap contracts	-	245,345.98	-	245,345.98
Other investment in equity instruments	-	281,155,000.00	110,000,000.00	391,155,000.00
Total assets continuously measured at fair value	-	284,549,747.91	110,000,000.00	394,549,747.91
Cash-settled share-based payment	-	(78,312,817.00)	-	(78,312,817.00)
Total liabilities continuously measured at fair value	-	(78,312,817.00)	-	(78,312,817.00)

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, 2020	Fair value at December 31, 2019	Valuation technique	Inputs
Forward foreign exchange contracts	-	3,149,401.93	Discounted cash flow method	Forward foreign exchange rate
Interest rate swap contracts	-	245,345.98	Discounted cash flow method	U.S. swap for 2-30 years, swap rate, RMB-denominated interest rate, price volatility, risk free rate, contracted interest rates
Other investment in equity instruments	388,185,300.00	281,155,000.00	Market method	Average price-earnings ratio of comparable companies, liquidity discount ratio of the investee
Cash-settled share-based payment	(35,764,317.95)	(78,312,817.00)	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, 2020	Fair value at December 31, 2019	Valuation technique	Inputs
Other investment in equity instruments	110,000,000.00	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	57.98	57.98

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
Shenzhen Nengzhihui Investment Co., Ltd.* (深圳市能之匯投資有限公司) ("Nengzhihui") and its subsidiaries	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
Techenergy	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. (咸寧核電有限公司)	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 Application Co., Ltd. (中廣核核技術應用有限公司) and its subsidiaries	Under the control of the same party
CGNPC Huamei Investment Limited (中廣核華美投資有限公司) 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)	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 Energy Conservation Industry Development Co., Ltd. and its subsidiaries	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 (Shenzhen) Co., Ltd. (中廣核太陽能(深圳)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
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

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(All amounts in RMB unless otherwise stated)

Name of other related parties	Relationship with the Company
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 Nuclear Technology Development Co., Ltd. (中廣核核技術發展股份有限公司)	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
CGN Haihong Technology (Shenzhen) Co., Ltd. (中廣核海弘科技(深圳)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 Management Consulting (Shenzhen) Co., Ltd. (中廣核管理諮詢(深圳)有限公司)	Under the control of the same party
CGN Environmental Protection Industry (Shenzhen) Co., Ltd. (中廣核環保產業(深圳)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 and its subsidiaries	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) and its subsidiaries	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 Jiuyuan (Chengdu) Science and Technology Co., Ltd. (中廣核久源(成都)科技有限公司)	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

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	2020	2019
China Nuclear Industry Second and Third Construction Co., Ltd.	Purchase of goods/Acceptance of services	1,063,394,860.99	644,400,404.89
Framatome Inc.	Purchase of goods/Acceptance of services	796,429,996.69	1,430,099,108.89
CGN Services Group	Purchase of goods/Acceptance of services	513,589,815.78	490,757,817.36
Techenergy	Purchase of goods/Acceptance of services	507,420,011.39	370,362,733.20
CGN Uranium Resources Co., Ltd. and its subsidiaries	Purchase of goods/Acceptance of services	488,262,998.36	1,125,078,079.49
Guangdong Electric Power Design Institute of China Energy Engineering Group	Purchase of goods/Acceptance of services	282,251,236.75	-
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	225,820,700.26	232,457,233.61
Shenzhen Lyvuan Restaurant Management Co., Ltd. (深圳綠源餐飲管理有限公司)	Purchase of goods/Acceptance of services	206,379,167.64	190,871,578.38
Shenzhen Nuclear Power Property Co., Ltd. (深圳市核電物業有限公司)	Purchase of goods/Acceptance of services	118,330,140.23	104,489,837.96
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	116,910,791.86	91,949,618.09
Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司)	Purchase of goods/Acceptance of services	103,038,639.71	120,626,918.34
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	71,664,959.93	101,007,352.33
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	68,648,439.15	15,295,066.52
CGN Environmental Protection Industry (Shenzhen) Co., Ltd. (中廣核環保產業(深圳)有限公司)	Purchase of goods/Acceptance of services	65,688,898.78	102,400,832.40
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	64,512,471.58	90,832,020.22
CGNPC	Purchase of goods/Acceptance of services	61,852,299.07	19,046,958.57
EDF International and its subsidiaries	Purchase of goods/Acceptance of services	68,303,353.87	73,087,026.05
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	49,276,278.42	65,974,149.30
Hongyanhe Nuclear	Purchase of goods/Acceptance of services	41,370,485.06	3,622,170.59
Others	Purchase of goods/Acceptance of services	56,152,299.86	78,015,243.50
Total		4,969,297,845.38	5,350,374,149.69

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(All amounts in RMB unless otherwise stated)

Sale of goods/Rendering of services:

Related party	Related party transaction	2020	2019
HKNIC	Sale of electricity	5,655,918,666.01	5,757,535,774.33
Hongyanhe Nuclear	Sale of goods/Rendering of services	644,984,533.01	619,963,642.24
China Nuclear Power EPC Limited and its subsidiaries	Sale of goods/Rendering of services	484,757,689.77	267,075,230.44
Nengzhihui and its subsidiaries	Sale of goods/Rendering of services	40,563,156.15	41,559,124.03
CGN Uranium Resources Co., Ltd. and its subsidiaries	Sale of goods/Rendering of services	39,374,921.62	23,432,609.55
Techenergy	Sale of goods/Rendering of services	25,822,859.30	26,926,962.30
CGN Cangnan Nuclear Power Co., Ltd. (中廣核蒼南核電有限公司)	Sale of goods/Rendering of services	24,275,595.57	10,032,513.71
CGNPC	Sale of goods/Rendering of services	19,616,853.03	63,442,450.19
CGN Services Group	Sale of goods/Rendering of services	14,387,727.94	10,372,478.59
CGN Nuclear Technology Application Co., Ltd. (中廣核核技術應用有限公司) and its subsidiaries	Sale of goods/Rendering of services	12,603,485.32	12,078,446.10
CGN Huizhou Nuclear Power Co., Ltd. (中廣核惠州核電有限公司)	Sale of goods/Rendering of services	9,851,254.71	7,884,915.92
CGN New Energy Holdings Co., Ltd. and its subsidiaries	Sale of goods/Rendering of services	8,604,550.10	6,241,220.78
CGN Finance	Sale of goods/Rendering of services	6,806,969.86	6,907,519.25
CGN Energy Conservation Industry Development Co., Ltd. and its subsidiaries	Sale of goods/Rendering of services	5,676,427.04	5,287,213.48
CGN Europe Energy and its subsidiaries	Sale of goods/Rendering of services	5,093,710.71	1,069,811.32
CGN Energy International Holdings Co., Limited and its subsidiaries	Sale of goods/Rendering of services	4,422,734.77	3,947,934.30
Swakop Uranium (Pty) Ltd.	Sale of goods/Rendering of services	3,859,348.77	5,120,004.66
CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司)	Sale of goods/Rendering of services	3,004,931.17	2,796,419.59
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	2,954,948.62	2,741,418.43
CGN Wind Energy Co., Ltd. and its subsidiaries	Sale of goods/Rendering of services	2,927,553.11	108,334,978.15
Others	Sale of goods/Rendering of services	4,601,862.06	24,964,160.89
Total		7,020,109,778.64	7,007,714,828.25

Provision of construction, installation and design services:

Related party	Related party transaction	2020	2019
CGN Wind Energy Co., Ltd. and its subsidiaries	Provision of construction, installation and design services	6,385,612,677.85	1,683,256,956.56
CGN Huizhou Nuclear Power Co., Ltd. (中廣核惠州核電有限公司)	Provision of construction, installation and design services	2,406,229,254.49	1,523,718,474.22
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	1,209,320,108.55	-
Hongyanhe Nuclear	Provision of construction, installation and design services	1,163,657,935.39	1,526,541,325.72
CGN Cangnan Nuclear Power Co., Ltd. (中廣核蒼南核電有限公司)	Provision of construction, installation and design services	1,178,327,847.91	229,801,936.63
Ningde Second Nuclear	Provision of construction, installation and design services	169,147,116.13	251,793,269.23
Lingwan Nuclear Power Co., Ltd. (嶺灣核電有限公司)	Provision of construction, installation and design services	12,464,834.52	7,114,573.54
Others	Provision of construction, installation and design services	2,564.19	108,429.93
Total		12,524,762,339.03	5,222,334,965.83

(2) Related party transactions for leasing

The Group as lessor:

Name of lessee	Type of leased assets	Rental income recognized in 2020	Rental income recognized in 2019
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
Techenergy	Buildings	1,230,548.59	1,116,017.15
Hongyanhe Nuclear	Buildings	-	3,269,734.08
Others	Buildings	795,655.20	3,598,879.96
Total		4,104,613.00	10,063,040.40

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 2020 (Note)	Transaction amount recognized in 2019 (Note)
CGNPC	Buildings	96,057,561.76	95,930,101.58
CGN Real Estate Management Co., Ltd. (中廣核不動產管理有限公司)	Buildings	11,451,942.84	39,555,746.42
Shenzhen Bailu Health Service Co., Ltd. (深圳市白鷺健康服務有限公司)	Buildings	8,315,719.06	2,722,004.72
Shanghai Engineering Science & Technology Co., Ltd. (上海中廣核工程科技有限公司)	Buildings	7,757,958.71	8,085,963.30
CGN Services Group Co., Ltd. (中廣核服務集團有限公司)	Buildings	2,703,667.46	3,122,660.39
Shenzhen Nuclear Power Property Co., Ltd. (深圳市核電物業有限公司)	Buildings	272,520.00	5,100,985.68
Others	Buildings	–	527,782.52
Total		126,559,369.83	155,045,244.61

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 has 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 in 2020	Amount borrowed in 2019
Borrowing from		
CGN Finance	23,249,932,839.96	27,221,658,445.80
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	–
CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司)	157,161,697.04	18,573,925.53
Hualong Pressurized Water Reactor Technology Corporation, Ltd. (華龍國際核電技術有限公司)	100,000,000.00	100,000,000.00
Total	24,802,094,537.00	28,140,232,371.33

Related party	Amount repaid in 2020	Amount repaid in 2019
Repayment to		
CGN Finance	18,800,980,224.53	31,037,439,690.20
Shenzhen Zhaoyinbailu Investment Partnership (Limited Partnership) (深圳招銀白鷺投資合夥企業(有限合夥))	3,250,500,000.00	–
CGNPC	841,494,166.65	839,193,499.98
CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司)	500,000,000.00	–
CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司)	18,399,553.92	39,457,223.86
Total	23,411,373,945.10	31,916,090,414.04

(5) Related party transactions for asset transfer and debt restructuring

Related party	Transaction	2020	2019
CGNPC	Disposal of subsidiaries	–	719,568,857.28

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(All amounts in RMB unless otherwise stated)

(6) Emoluments for key management

Item	2020	2019
Emoluments for key management	10,924,365.00	19,637,097.30

The remuneration of each director in 2020 was 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)	-	654,428.71	578,925.00	105,066.63	1,338,420.34
Non-executive directors					
Yang Changli (Note)	-	-	-	-	-
Shi Bing	-	-	-	-	-
Wang Wei (Note)	-	-	-	-	-
Gu Jian (Note)	-	-	-	-	-
Independent non-executive directors					
Na Xizhi	333,333.33	-	-	-	333,333.33
Hu Yiguang	300,000.00	-	-	-	300,000.00
Francis Siu Wai Keung	433,333.33	-	-	-	433,333.33
Li Fuyou (Note)	25,000.00	-	-	-	25,000.00
Yang Jiayi (Note)	25,000.00	-	-	-	25,000.00
Xia Ceming (Note)	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: Appointed on August 5, 2020.

The remuneration of each director in 2019 was as follows:

	Directors' salaries	Wages and allowances	Bonus	Retirement benefits	Total
Executive director and president					
Gao Ligang	-	240,893.12	1,083,625.09	122,931.88	1,447,450.09
Non-executive directors					
Zhang Shanming (Note 1)	-	-	-	-	-
Tan Jiansheng (Note 2)	-	-	-	-	-
Shi Bing	-	-	-	-	-
Zhong Huiling	-	-	-	-	-
Zhang Yong (Note 3)	-	-	-	-	-
Independent non-executive directors					
Na Xizhi (Note 3)	500,000.00	-	-	-	500,000.00
Hu Yiguang (Note 3)	450,000.00	-	-	-	450,000.00
Francis Siu Wai Keung (Note 3)	650,000.00	-	-	-	650,000.00
Total	1,600,000.00	240,893.12	1,083,625.09	122,931.88	3,047,450.09

Note 1: Resigned on March 3, 2020.

Note 2: Resigned on June 4, 2020.

Note 3: Resigned on August 5, 2020.

The remuneration of each supervisor in 2020 was 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 supervisor in 2019 was as follows:

	Supervisors' salaries	Wages and allowances	Bonus	Retirement benefits	Total
Supervisors					
Zhu Hui	–	459,118.18	1,231,360.00	109,388.32	1,799,866.50
Cai Zihua	–	100,306.26	60,952.00	14,404.42	175,662.68
Wang Hongxin	–	555,014.51	1,042,917.00	123,288.76	1,721,220.27
Independent supervisors					
Chen Sui	–	–	–	–	–
Yang Lanhe (Note)	150,000.00	–	–	–	150,000.00
Chen Rongzhen (Note)	150,000.00	–	–	–	150,000.00
Total	300,000.00	1,114,438.95	2,335,229.00	247,081.50	3,996,749.45

Note: Resigned on August 5, 2020.

The remuneration of each member of senior management in 2020 was 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

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(All amounts in RMB unless otherwise stated)

The remuneration of each member of senior management in 2019 was as follows:

	Senior management's salaries	Wages and allowances	Bonus	Retirement benefits	Total
Senior management					
Su Shengbing	–	697,841.08	2,944,901.00	143,912.94	3,786,655.02
Jiang Dajin (Note)	–	656,097.08	3,079,966.00	152,232.46	3,888,295.54
Chen Yingjian	–	666,588.12	1,970,532.00	140,717.04	2,777,837.16
Yin Engang	–	596,243.08	1,419,048.00	124,818.96	2,140,110.04
Total	–	2,616,769.36	9,414,447.00	561,681.40	12,592,897.76

Note: Resigned on August 5, 2020.

For the years 2020 and 2019, 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 are as follows:

	Unit: RMB	
	2020	2019
Wages and allowances	3,169,933.94	3,274,737.43
Bonus	8,445,494.50	13,898,113.00
Retirement benefits	504,790.44	721,190.21
Total	12,120,218.88	17,894,040.64

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 2020	Number of persons in 2019
HK\$3,000,001 to HK\$3,500,000 (Equivalent to RMB252,492,000.00 to RMB294,574,000.00)	4	2
HK\$3,500,001 to HK\$4,000,000 (Equivalent to RMB294,574,000.00 to RMB336,656,000.00)	1	3
Total	5	5

In 2020 and 2019, 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 has waived any remuneration.

(7) Other related party transactions

Item	2020	2019
Interest income – CGN Finance	161,450,217.46	239,978,709.68
Interest income – Others	156.52	78.95
Total	161,450,373.98	239,978,788.63
Interest expenses – CGN Finance	316,815,687.70	447,611,131.12
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	172,197,494.79
Interest expenses – CGNPC	29,670,222.22	29,990,833.33
Interest expenses – CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司)	11,925,375.00	35,467,141.66
Interest expenses – Hualong Pressurized Water Reactor Technology Corporation, Ltd. (華龍國際核電技術有限公司)	2,675,250.00	2,780,375.00
Interest expenses – CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司)	1,795,024.56	1,450,349.12
Interest expenses – Shanghai Engineering Science & Technology Co., Ltd (上海中廣核工程科技有限公司)	354,496.37	297,961.86
Interest expenses – EDF International and its subsidiaries	–	85,446,425.85
Total	440,135,211.06	775,241,712.73
Fee expenses – CGN Finance	1,463,786.97	1,208,141.46
Fee expenses – Others	(3,553.10)	16,560.26
Total	1,460,233.87	1,224,701.72

As of December 31, 2020, the transactions constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules are disclosed in the Directors' Report.

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6. Amounts due from/due to related parties

(1) Receivables

Item name	Related party	December 31, 2020	December 31, 2019
Cash at bank and in hand	CGN Finance	11,909,848,631.74	18,187,417,026.77
	CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司)	39,534,441.26	46,688,868.15
	Total	11,949,383,073.00	18,234,105,894.92
Accounts receivable	CGN Wind Energy Co., Ltd. and its subsidiaries	1,725,030,037.72	656,392,687.53
	HKNIC	490,760,950.11	412,532,043.36
	Hongyanhe Nuclear	229,114,638.68	238,258,061.13
	China Nuclear Power EPC Limited and its subsidiaries	201,257,026.81	120,816,221.59
	CGN Cangnan Nuclear Power Co., Ltd. (中廣核蒼南核電有限公司)	153,175,793.83	5,381,670.56
	CGN Solar Energy Development Co., Ltd. and its subsidiaries	61,240,950.20	9,965,058.78
	CGN Uranium Resources Co., Ltd. and its subsidiaries	38,508,308.24	13,590,010.01
	Nengzhihui and its subsidiaries	21,757,568.97	16,803,855.18
	Techenergy	21,206,184.73	21,597,908.60
	CGN Services Group	21,131,243.73	10,867,242.44
	CGN Huizhou Nuclear Power Co., Ltd. (中廣核惠州核電有限公司)	19,694,670.19	8,427,679.23
	Swakop Uranium (Pty) Ltd.	14,068,472.35	17,896,885.68
	CGN Nuclear Technology Application Co., Ltd. (中廣核核技術應用有限公司) and its subsidiaries	11,623,233.60	9,519,766.72
	CGN Energy Conservation Industry Development Co., Ltd. and its subsidiaries	11,100,329.49	10,629,597.96
	CGN Finance	7,215,388.05	7,288,622.59
	CGNPC	6,314,726.00	9,167,208.00
	CGN Energy International Holdings Co., Limited and its subsidiaries	4,550,431.88	3,406,847.01
	Shenzhen Bailu Health Service Co., Ltd. (深圳市白鷺健康服務有限公司)	4,530,932.10	2,265,466.07
	CGN Capital Holdings Co., Ltd. (中廣核資本控股有限公司) and its subsidiaries	3,965,566.81	4,493,412.71
	CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司)	3,185,227.04	2,964,204.76
	CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司)	3,132,245.53	2,882,742.99
	China Nuclear Industry Second and Third Construction Co., Ltd.	3,064,039.74	2,384.00
	CGN New Energy Investment (Shenzhen) Company Limited (中廣核新能源投資(深圳)有限公司) and its subsidiaries	2,632,220.00	-
	Shenzhen Nuclear Power Property Co., Ltd. (深圳市核電物業有限公司)	2,019,194.68	2,019,194.68
	CGN New Energy Holdings Co., Ltd. and its subsidiaries	1,997,410.00	3,712,698.87
	Others	13,972,513.70	6,943,717.83
		Total	3,076,249,304.18

Item name	Related party	December 31, 2020	December 31, 2019
Prepayments	CGN Uranium Resources Co., Ltd. and its subsidiaries	9,020,394,637.91	3,915,503,871.31
	China Nuclear Industry Second and Third Construction Co., Ltd.	442,192,994.42	490,960,186.95
	Techenergy	51,824,320.42	26,470,133.16
	CGN Services Group	21,185,000.00	6,018,610.85
	Shenzhen Nuclear Power Huantong Automobile Service Co., Ltd. (深圳核電環通汽車服務有限公司)	10,800,000.00	9,900,000.00
	Shanghai Engineering Science & Technology Co., Ltd. (上海中廣核工程科技有限公司)	9,068,471.57	9,068,471.57
	Hualong Pressurized Water Reactor Technology Corporation, Ltd. (華龍國際核電技術有限公司)	5,660,377.38	7,547,169.78
	CGNPC	3,202,948.54	3,508,958.31
	CIECC Engineering Company Limited (中諮工程有限公司)	2,461,172.26	2,461,172.26
	Shenzhen Lvyuan Restaurant Management Co., Ltd. (深圳綠源餐飲管理有限公司)	2,088,000.00	3,320,000.00
	CGN Real Estate Management Co., Ltd. (中廣核不動產管理有限公司)	1,908,657.14	-
	Others	3,072,019.73	9,862,460.25
		Total	9,573,858,599.37
Contract assets	Hongyanhe Nuclear	1,203,544.43	992,529.35
	Others	145,000.00	47,094.02
	Total	1,348,544.43	1,039,623.37
Other receivables	CGN Services Group	22,721,699.96	22,335,310.94
	China Nuclear Industry Second and Third Construction Co., Ltd.	10,488,281.90	12,855,627.11
	CGNPC	-	9,577,157.28
	Hongyanhe Nuclear	-	8,436,459.25
	Others	686,731.70	543,304.98
	Total	33,896,713.56	53,747,859.56
Other non-current assets	CGN Uranium Resources Co., Ltd.	1,384,794,089.22	-
	Techenergy	2,369,560.00	1,780,000.00
	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
	CGN Hongda Environmental Technology Co., Ltd. (中廣核宏達環境科技有限責任公司)	-	4,857,360.63
	Others	2,140,873.56	1,163,137.24
	Total	1,390,304,522.78	8,800,497.87

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(2) Payables

Item name	Related party	December 31, 2020	December 31, 2019
Accounts payable	China Nuclear Industry Second and Third Construction Co., Ltd.	301,788,331.23	535,124,816.04
	CGN Services Group	109,395,389.03	80,413,838.35
	Techenergy	78,225,693.53	100,273,555.94
	Shanghai Engineering Science & Technology Co., Ltd. (上海中廣核工程科技有限公司)	68,897,815.02	16,980,196.72
	CGNPC	68,578,062.50	18,360,745.93
	Shenzhen Nuclear Power Electrical Installation and Maintenance Co., Ltd. (深圳市核電機電安裝維修有限公司)	61,543,054.20	44,606,006.56
	Shenzhen Nuclear Power Huantong Automobile Service Co., Ltd. (深圳核電環通汽車服務有限公司)	57,495,632.65	51,657,329.52
	Shenzhen Lvyuan Restaurant Management Co., Ltd. (深圳綠源餐飲管理有限公司)	53,268,917.61	68,819,894.89
	CGN Uranium Resources Co., Ltd. and its subsidiaries	51,857,593.17	21,703,419.83
	Framatome Inc.	49,063,923.45	240,303,858.76
	CGN Environmental Protection Industry Co., Ltd. (中廣核環保產業有限公司)	44,166,662.75	53,501,030.74
	Hongyanhe Nuclear	40,613,112.49	861,323.11
	Shenzhen Bailu Health Service Co., Ltd. (深圳市白鷺健康服務有限公司)	24,955,522.60	20,984,037.40
	Guangdong Electric Power Design Institute of China Energy Engineering Group	23,190,289.68	1,047,169.81
	Shenzhen Nuclear Power Property Co., Ltd. (深圳市核電物業有限公司)	22,336,782.83	22,088,822.76
	Shenzhen Kezhi Management Consulting Co., Ltd. (深圳市科智管理諮詢有限公司)	16,854,874.35	10,157,063.24
	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)	16,015,962.28	18,175,133.78
	Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司)	15,347,851.40	22,162,023.20
	Shenzhen Nuclear Service Garden Co., Ltd. (深圳市核服園林有限公司)	12,205,695.59	-
	China Nuclear Power EPC Limited and its subsidiaries	6,061,140.81	2,708,032.30
	CGN Nuclear Technology Application Co., Ltd. (中廣核技術應用有限公司) and its subsidiaries	5,078,210.62	8,183,319.56
	CGN Wind Energy Co., Ltd. and its subsidiaries	2,796,290.94	3,693,535.29
	CGN New Energy Holdings Co., Ltd. and its subsidiaries	2,288,029.98	1,078,670.26
	CIECC Engineering Company Limited (中諮工程有限公司)	2,219,341.14	2,746,784.92
	Shenzhen Nuclear Power Material Supply Co., Ltd. (深圳市核電物資供應有限公司)	1,513,221.93	32,489,594.98
	CGN Finance	-	1,069,568.46
	Beijing Ric Nuclear Instrument Joint Venture Co., Ltd. (北京中法瑞克核儀器有限公司)	-	4,143,508.98
	Others	61,453,419.65	53,606,362.09
	Total	1,197,210,821.43	1,436,939,643.42

Item name	Related party	December 31, 2020	December 31, 2019
Contract liabilities	CGN Wind Energy Co., Ltd. and its subsidiaries	6,882,678.00	6,882,678.00
	CGNPC	7,075,094.35	7,179,386.80
	Hongyanhe Nuclear	5,834,649.52	5,771,898.31
	Others	2,061,786.00	2,190,286.00
	Total	21,854,207.87	22,024,249.11
Short-term loans	CGN Finance	10,152,105,550.28	5,765,413,158.05
	Hualong Pressurized Water Reactor Technology Corporation, Ltd. (華龍國際核電技術有限公司)	100,130,500.00	100,130,500.00
	CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司)	35,685,056.34	17,297,913.22
	CGNPC	-	800,986,000.00
	Shanghai Engineering Science & Technology Co., Ltd (上海中廣核工程科技有限公司)	-	49,228,658.26
	Total	10,287,921,106.62	6,733,056,229.53
Long-term loans	CGN Finance	5,984,136,745.69	2,941,243,949.13
	CGNPC	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	870,833.33
	CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司)	-	117,232,500.00
	CGN Capital Holdings Co., Ltd. (中廣核資本控股有限公司) and its subsidiaries	-	2,005,189,513.54
	Total	7,279,136,745.69	5,064,536,796.00
Other payables	Guangxi GI Energy Group Co., Ltd. (廣西廣投能源集團有限公司)	1,863,691,440.00	1,591,861,440.00
	CGNPC	171,599,077.28	85,405,562.62
	CGN Huizhou Nuclear Power Co., Ltd. (中廣核惠州核電有限公司)	5,893,141.57	-
	CGN Uranium Resources Co., Ltd. and its subsidiaries	2,329,228.54	2,631,389.60
	CGN Wind Energy Co., Ltd. and its subsidiaries	2,279,763.20	2,504,679.29
	Shenzhen Bailu Health Service Co., Ltd. (深圳市白鷺健康服務有限公司)	1,587,609.53	811,350.74
	Shanghai Engineering Science & Technology Co., Ltd (上海中廣核工程科技有限公司)	1,578,938.47	1,578,938.47
	CGN Solar Energy Development Co., Ltd. and its subsidiaries	1,550,456.28	1,437,002.71
	CGN Services Group	1,282,257.97	2,062,503.19
	Hongyanhe Nuclear	1,205,516.87	227,947.65
	Guangdong Electric Power Design Institute of China Energy Engineering Group	9,053,293.01	4,775,112.45
	Others	6,679,573.30	5,708,044.14
	Total	2,068,730,296.02	1,699,003,970.86

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Item name	Related party	December 31, 2020	December 31, 2019
Lease liabilities	Shenzhen Bailu Health Service Co., Ltd. (深圳市白鷺健康服務有限公司)	19,698,009.19	2,347,415.07
	CGN Real Estate Management Co., Ltd. (中廣核不動產管理有限公司)	13,894,397.52	23,927,701.65
	CGN Services Group	2,067,035.57	541,491.41
	Shanghai Engineering Science & Technology Co., Ltd (上海中廣核工程科技有限公司)	127,870.45	7,850,588.67
	CGNPC	-	62,375,305.59
	Others	621,454.64	1,241,513.07
	Total	36,408,767.37	98,284,015.46
Non-current liabilities due within one year	CGN Finance	283,847,971.00	260,610,181.57
	CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司)	120,426,270.84	49,932.36
	CGNPC	78,198,543.15	94,786,067.10
	Shenzhen Bailu Health Service Co., Ltd. (深圳市白鷺健康服務有限公司)	13,173,544.10	2,722,004.72
	Shanghai Engineering Science & Technology Co., Ltd (上海中廣核工程科技有限公司)	7,463,081.39	7,487,105.57
	CGNPC International Financial Leasing Co., Ltd. (中廣核國際融資租賃有限公司)	1,761,478.13	500,000,000.00
	CGN Services Group	1,551,613.87	5,674,665.65
	Shenzhen Zhaoyinbailu Investment Partnership (Limited Partnership) (深圳招銀白鷺投資合夥企業(有限合夥))	-	1,250,500,000.00
	CGN Real Estate Management Co., Ltd. (中廣核不動產管理有限公司)	-	11,451,942.86
	Others	310,004.47	914,846.31
Total	506,732,506.95	2,134,196,746.14	

(XI) Share-based Payment

1. Overall share-based payment

Item	2020		2019	
	First Batch	Second Batch	First Batch	Second Batch
Total equity instruments of the Company at the beginning of the year	129,946,651	462,360,003	207,599,986	543,640,000
Total equity instruments granted by the Company during the year	-	-	-	-
Total equity instruments exercised by the Company during the year	-	3,962,500	-	-
Total equity instruments of the Company that have expired during the year	70,426,627	6,626,671	77,653,335	81,279,997
Total equity instruments of the Company at the end of the year	59,520,024	451,770,832	129,946,651	462,360,003
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	HKD3.50 0.96 year	HKD1.84 1.95-3.95 years	HKD3.50 0.96 -1.96 years	HKD2.09 2.95-4.95 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 certain 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.

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/share to HKD1.9223/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/share to HKD1.8393/share, which became effective on May 22, 2020.

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 70,426,627 units under the initial implementation plan of the SAR expired. A total of 6,626,671 units under the secondary implementation plan of the SAR expired. A total of 3,962,500 units under the secondary implementation plan of the SAR were exercised during this period.

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2. Cash-Settled Share-based Payment

Unit: RMB

Item	2020	2019
Methods for determining fair value of liabilities undertaken 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	35,764,317.95	78,312,817.00
Total fees recognized in respect of cash-settled share-based payment during the year	(41,085,848.84)	16,584,543.60
Aggregate unpaid fair value of cash-settled share-based payment as at the end of the year	39,727,620.25	116,848,373.45

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, 2020	December 31, 2019
Share price (HKD)	1.67	2.08
Expected volatility	21.56% – 28.12%	18.94% – 31.94%
Expected dividend yield	4.971%	4.051%

The first grant under the Scheme:

Item	December 31, 2020	December 31, 2019
Exercise price (HKD)	3.50	3.50
Expected term	0.96 year	0.96 – 1.96 years
Risk-free rate	0.080%	1.734% – 1.831%
Fair value (HKD)	0.0004	0.0003 – 0.0049

The second batch of the Scheme:

Item	December 31, 2020	December 31, 2019
Exercise price (HKD)	1.84	2.09
Expected term	1.95-3.95 years	2.95 – 4.95 years
Risk-free rate	0.085% – 0.217%	1.657% – 1.716%
Fair value (HKD)	0.10-0.11	0.18 – 0.40

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, 2020	December 31, 2019
Commitment of acquisition and construction of long-term assets	11,571,964,265.34	7,296,751,378.92
Large-amount contracts	3,619,409,870.83	4,938,647,799.73
Total	15,191,374,136.17	12,235,399,178.65

2. Other commitment

The Company provides financial guarantee for Guangdong Daya Bay Nuclear Power Environment Protection Co., Ltd., a wholly-owned subsidiary of the Company, to maintain its radioactive waste storage and disposal activities until the expiration of the safety guardianship period. The guarantee is general guarantee, and the maximum amount of guarantee does not exceed the relevant regulations of national liability for compensation of nuclear accident damage.

3. 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 18, 2021, the Board proposed the Company to distribute cash dividends of RMB0.08 (tax inclusive) per share (2019: RMB0.076 (tax inclusive) per share) to the holders of ordinary shares, for a total of RMB4,039,888,888.00 (2019: RMB3,837,894,443.60). 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 operating segments. The Group's management regularly evaluates the operating results of these segments to determine the resources to be allocated and evaluates its results. The Group has identified two reporting segments on the basis of the operating 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.

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.

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(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, 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

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, 2019/2019
Operating revenue	54,578,924,431.77	16,189,789,432.54	(9,893,537,609.41)	60,875,176,254.90
Revenue from external customers	54,043,927,447.96	6,831,248,806.94	–	60,875,176,254.90
Revenue from internal segments	534,996,983.81	9,358,540,625.60	(9,893,537,609.41)	–
Operating cost	29,063,575,458.40	15,505,017,107.33	(9,097,132,446.27)	35,471,460,119.46
Total assets	377,416,648,861.92	26,281,356,712.15	(15,722,771,047.28)	387,975,234,526.79
Total liabilities	243,379,473,237.72	22,981,730,258.28	(13,679,836,460.67)	252,681,367,035.33
Income from investment in associates and joint ventures	776,499,101.34	253,295,404.81	66,618,185.07	1,096,412,691.22
Long-term equity investment accounted by using the equity method	10,089,159,925.16	1,869,968,500.92	(759,836,615.55)	11,199,291,810.53
Operating profit	16,808,070,318.66	491,114,413.91	(711,573,885.71)	16,587,610,846.86
Income tax expenses	1,895,757,323.93	(19,166,247.69)	(106,736,082.86)	1,769,854,993.38
Net profit	14,874,564,784.33	515,513,141.16	(604,837,802.85)	14,785,240,122.64

Revenue from external customers by location of revenue sources and non-current assets by location of assets

Item	2020	2019
Revenue from external customers in the PRC	64,418,912,800.18	54,847,499,631.51
Revenue from external customers in other countries	6,165,797,756.95	6,027,676,623.39
Total	70,584,710,557.13	60,875,176,254.90

Item	December 31, 2020	December 31, 2019
Non-current assets in the PRC	328,615,662,748.07	326,009,008,424.59
Non-current assets in other countries	38,436,299.96	42,842,811.90
Total	328,654,099,048.03	326,051,851,236.49

Dependence on major customers

Item	Operating revenue of 2020	Percentage to the operating revenue of the Group	Operating revenue of 2019	Percentage to the operating revenue of the Group
Guangdong Power Grid Co., Ltd.	35,060,731,003.42	49.67%	32,728,706,862.92	53.76%
Fujian Electric Grid Co., Ltd.	9,721,516,217.23	13.77%	9,038,513,454.43	14.85%
HKNIC	5,655,918,666.01	8.01%	5,757,535,774.33	9.46%
Guangxi Power Grid Co., Ltd.	4,931,410,113.23	6.99%	4,909,403,345.46	8.06%

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

Item	December 31, 2020	December 31, 2019
Accounts receivable arising from contracts with customers	978,590,851.01	758,101,713.04
Including: Accounts receivable by subsidiaries within the scope of consolidation	715,147,967.71	548,072,712.28
Group 1	262,721,562.55	209,572,557.37
Group 2	721,320.75	456,443.39
Less: Bad debt provisions	852,208.96	804,622.69
Carrying value	977,738,642.05	757,297,090.35

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, 2020				December 31, 2019			
	Loss given default	Carrying balance	Bad debt provisions	Carrying value	Loss given default	Carrying balance	Bad debt provisions	Carrying value
Within 1 year	0.00%	557,812,625.57	-	557,812,625.57	0.00%	548,072,712.28	-	548,072,712.28
1 to 2 years	0.00%	157,335,342.14	-	157,335,342.14	0.00%	-	-	-
Total		715,147,967.71	-	715,147,967.71		548,072,712.28	-	548,072,712.28

Group 1:

Aging	December 31, 2020				December 31, 2019			
	Loss given default	Carrying balance	Bad debt provisions	Carrying value	Loss given default	Carrying balance	Bad debt provisions	Carrying value
Within 1 year	0.30%	261,404,959.87	784,214.87	260,620,745.00	0.30%	208,686,589.42	626,059.77	208,060,529.65
1 to 2 years	5.00%	1,316,602.68	65,830.13	1,250,772.55	5.00%	-	-	-
2 to 3 years	20.00%	-	-	-	20.00%	885,967.95	177,193.59	708,774.36
Total		262,721,562.55	850,045.00	261,871,517.55		209,572,557.37	803,253.36	208,769,304.01

Group 2:

Aging	December 31, 2020				December 31, 2019			
	Loss given default	Carrying balance	Bad debt provisions	Carrying value	Loss given default	Carrying balance	Bad debt provisions	Carrying value
Within 1 year	0.30%	721,320.75	2,163.96	719,156.79	0.30%	456,443.39	1,369.33	455,074.06
Total		721,320.75	2,163.96	719,156.79		456,443.39	1,369.33	455,074.06

(b) Changes in provision for bad debts of accounts receivable

Item	2020		Total
	Expected credit losses during the whole life (no credit impairment occurred)	Expected credit losses during the whole life (credit impairment occurred)	
January 1, 2020	804,622.69	–	804,622.69
Provisions for expected credit losses for the period	47,586.27	–	47,586.27
Reversals for expected credit losses for the period	–	–	–
December 31, 2020	852,208.96	–	852,208.96

(c) Top five debtors with the largest closing balances of accounts receivable

2020

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	10.80%	–
CGN Engineering	76,289,150.08	7.80%	–
Lingdong Nuclear	72,718,364.15	7.43%	–
Ling'ao Nuclear	72,161,030.00	7.37%	–
GNPJVC	72,124,764.16	7.37%	–
Total	398,999,983.81	40.77%	–

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

2. Other receivables

Item	December 31, 2020	December 31, 2019
Dividends receivable	3,132,955,220.01	4,542,124,742.99
Other receivables	27,747,425.70	42,338,725.62
Total	3,160,702,645.71	4,584,463,468.61

(1) Dividends receivable

(a) Dividends receivable

All of top five debtors with the largest closing balances were subsidiaries

Investee	December 31, 2020	December 31, 2019
GNIC	–	2,000,000,000.00
Lingdong Nuclear	849,166,346.22	–
Ling'ao Nuclear	1,391,292,681.66	1,391,292,681.66
CGN Engineering	679,626,192.13	679,626,192.13
China Nuclear Power Operations Co., Ltd.	212,870,000.00	471,205,869.20
Total	3,132,955,220.01	4,542,124,742.99
Less: Bad debt provisions	–	–
Carrying value	3,132,955,220.01	4,542,124,742.99

(b) As at December 31, 2020 and December 31, 2019, 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	2 to 3 years	Fund arrangement in the Group	No impairment occurred and CGN Engineering maintained sound operation
Ling'ao Nuclear	1,391,292,681.66	1 to 2 years	Fund arrangement in the Group	No impairment occurred and Ling'ao Nuclear maintained sound operation

(2) Other receivables

(a) Other receivables disclosed by category

Item	December 31, 2020				December 31, 2019			
	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)	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)	Total
Other receivables from subsidiaries within the scope of consolidation	26,704,134.19	-	-	26,704,134.19	33,748,034.66	-	-	33,748,034.66
Group 1	-	-	-	-	8,436,459.25	-	-	8,436,459.25
Group 2	1,046,430.80	-	-	1,046,430.80	43,873.33	155,928.36	-	199,801.69
Carrying balance	27,750,564.99	-	-	27,750,564.99	42,228,367.24	155,928.36	-	42,384,295.60
Bad debt provisions	3,139.29	-	-	3,139.29	25,441.00	20,128.98	-	45,569.98
Carrying value	27,747,425.70	-	-	27,747,425.70	42,202,926.24	135,799.38	-	42,338,725.62

(b) Changes in bad debt provisions for other receivables

Item	2020			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, 2020	25,441.00	20,128.98	-	45,569.98
Provisions for expected credit losses for the year	-	-	-	-
Reversals for expected credit losses for the year	22,301.71	20,128.98	-	42,430.69
December 31, 2020	3,139.29	-	-	3,139.29

(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	10,810,735.28	Within 1 year	38.96%	-
Fangchenggang Nuclear	Advances	4,655,011.51	Within 1 year	16.77%	-
Ningde Nuclear	Advances	4,254,193.81	Within 1 year	15.33%	-
Ling'ao Nuclear	Advances	2,327,505.75	Within 1 year	8.39%	-
Lingdong Nuclear	Advances	2,327,505.75	Within 1 year	8.39%	-
Total		24,374,952.10		87.84%	-

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(d) Other receivables by nature

Item	December 31, 2020	December 31, 2019
Receivables from subsidiaries	26,704,134.19	42,184,493.91
Others	1,046,430.80	199,801.69
Total	27,750,564.99	42,384,295.60

3. Other current assets

Item	December 31, 2020	December 31, 2019
VAT retained at the end of the year	38,238,544.39	51,820,326.71
Loans entrusted to subsidiaries	13,219,000,000.00	6,958,000,000.00
Interest receivable for entrusted loans	13,854,372.23	8,232,157.50
Total	13,271,092,916.62	7,018,052,484.21

4. Debt investment

Item	December 31, 2020	December 31, 2019
Entrusted loans	14,758,963,326.36	19,652,463,326.36
Less: Debt investment due within one year	3,988,000,000.00	–
Net	10,770,963,326.36	19,652,463,326.36

5. Long-term equity investments

(1) Long-term equity investments are classified as follows:

Item	December 31, 2020			December 31, 2019		
	Carrying balance	Impairment provisions	Carrying value	Carrying balance	Impairment provisions	Carrying value
Investments in subsidiaries	78,759,049,781.80	-	78,759,049,781.80	76,918,942,727.45	-	76,918,942,727.45
Investments in associates and joint ventures	2,669,671,750.98	-	2,669,671,750.98	2,585,421,463.81	-	2,585,421,463.81
Total	81,428,721,532.78	-	81,428,721,532.78	79,504,364,191.26	-	79,504,364,191.26

(2) Investment in subsidiaries

	Changes in the current year						Cash dividends announced to be distributed for the period
	Balance at January 1, 2020	Additional investment	Reduce investment	Other changes	Balance at December 31, 2020	Impairment provisions	
1. Subsidiaries							
GNIC	22,734,177,521.54	-	-	-	22,734,177,521.54	-	-
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	-	1,049,166,346.22
Yangjiang Nuclear	6,162,481,639.48	-	-	-	6,162,481,639.48	-	1,326,734,503.98
China Nuclear Power Operations Co., Ltd. (中廣核電運營有限公司)	118,807,136.75	-	-	-	118,807,136.75	-	212,870,000.00
China Nuclear Power Technology Research Institute Co., Ltd. (中廣核研究院有限公司)	1,800,682,040.74	190,000,000.00	-	-	1,990,682,040.74	-	-
Guangdong Daya Bay Nuclear Power Environment Protection 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. (中廣核電投資有限公司)	9,214,373,653.54	277,067,916.00	-	-	9,491,441,569.54	-	617,223,190.00
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	-	464,594,400.00
SNPRI	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	-	64,800,000.00
CGN Engineering	2,619,094,819.39	1,000,000,000.00	-	-	3,619,094,819.39	-	-
Lufeng Nuclear	3,478,000,000.00	290,000,000.00	-	-	3,768,000,000.00	-	-
Fangchenggang Investment	4,559,911,100.00	-	-	-	4,559,911,100.00	-	100,500,000.00
Ocean Power	10,147,205.02	-	-	-	10,147,205.02	-	-
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)	81,700,000.00	60,000,000.00	-	-	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	-	-	20,000,000.00	-	-
Total	76,918,942,727.45	1,840,107,054.35	-	-	78,759,049,781.80	-	3,835,888,440.20

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, 2020 and December 31, 2019, the Company's net long-term equity investment with restricted ownership in Lingdong Nuclear was RMB2,195,503,954.06. As at December 31, 2020 and December 31, 2019, the Company's long-term equity investment with restricted ownership in Taishan Nuclear was RMB3,600,022,661.30.

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(3) Investment in associates

Investee	Changes in the current year							Closing balance of impairment provisions
	Balance at January 1, 2020	Additional investment	Reduce investment	Investment income recognized under the equity method	Adjustment of other comprehensive income	Declared cash dividends or profits	Balance at December 31, 2020	
CGN Fund Phase I	2,565,421,463.81	37,714,320.00	-	297,964,767.17	-	(251,428,800.00)	2,649,671,750.98	-
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	2,585,421,463.81	37,714,320.00	-	297,964,767.17	-	(251,428,800.00)	2,669,671,750.98	-

6. Short-term loans

(1) Short-term loans by category

Item	December 31, 2020	December 31, 2019
Credit loans	6,017,236,201.35	11,794,719,057.66
Short-term loans interest payable	136,109.72	7,200,874.63
Total	6,017,372,311.07	11,801,919,932.29

(2) As at December 31, 2020 and December 31, 2019, the Company had no overdue and unsettled short-term loans.

7. Long-term loans

Item	December 31, 2020	December 31, 2019
Credit loans	800,000,000.00	-
Total	800,000,000.00	-
Less: Long-term loans due within one year	-	-
Long-term loans due after one year	800,000,000.00	-

8. Operating revenue and operating costs

Item	2020		2019	
	Revenue	Cost	Revenue	Cost
From other operations	779,102,566.81	719,911,193.77	645,233,705.37	632,109,569.36

9. Investment income

Details of investment income

Item	2020	2019
Income from long-term equity investments accounted for using the cost method	3,835,888,440.20	6,035,513,838.44
Income from long-term equity investments accounted for using the equity method	297,964,767.17	297,741,058.83
Income from derivative financial instruments	–	47,509,589.03
Interest income from entrusted loans	940,853,123.74	661,450,523.88
Total	5,074,706,331.11	7,042,215,010.18

10. Supplementary information to cash flow statements

(1) Supplementary information to cash flow statements

Supplementary information	2020	2019
1. Reconciliation of net profits to cash flow from operating activities:		
Net profit	4,022,855,048.99	6,028,436,491.88
Add: Losses (gains) from credit impairment	5,155.58	(24,281,222.98)
Depreciation of fixed assets	20,698,128.20	13,926,525.49
Amortization of intangible assets	83,577,407.79	71,663,587.57
Depreciation of right-of-use assets	71,487,638.54	72,931,278.57
Gains from changes in fair value	(984,308.65)	(876,927.32)
Finance costs	582,205,069.07	580,313,568.10
Investment income	(5,074,706,331.11)	(7,042,215,010.18)
Decrease in operating receivables	(186,013,016.21)	(118,118,581.30)
Decrease in operating payables	143,715,866.72	38,778,140.27
Net cash flows used in operating activities	(337,159,341.08)	(379,442,149.90)
2. Net change in cash and cash equivalents:		
Closing balance of cash and cash equivalents	6,694,196,723.37	11,045,331,156.75
Less: Opening balance of cash and cash equivalents	11,045,331,156.75	8,180,127,897.47
Net (decrease) increase in cash and cash equivalents	(4,351,134,433.38)	2,865,203,259.28

Notes to the Financial Statements

(All amounts in RMB unless otherwise stated)

(XVI) Supplementary information

1. Breakdown of non-recurring gains or losses

Item	2020	2019
Gains or losses from disposal of non-current assets	(1,293,786.08)	142,915,765.36
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)	217,866,266.33	315,301,019.19
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 investment in financial assets and liabilities held for trading	(3,357,683.91)	50,068,406.00
Reversal of impairment provision for receivables which are impaired individually	-	1,297,136.47
Other non-operating income and expenses other than the items above, net	(41,388,526.96)	(32,515,730.84)
Other gains or losses items that meet the definition of non-recurring gains or losses	8,624,550.31	2,846,497.16
Total	180,450,819.69	479,913,093.34
Income tax effect of non-recurring gains or losses	21,220,033.52	58,103,067.16
Effect of non-recurring gains or losses attributable to minority shareholders	5,184,673.40	42,410,497.94
Effect of non-recurring gains or losses attributable to shareholders of the parent company, net	154,046,112.77	379,399,528.24

Note: The amount of this item has taken into account the offset of internal unrealized gains and losses between related parties and the corresponding income tax effect.

2. Return on equity and earnings per share

The statements for return on equity and earnings per share have been prepared by CGN Power 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.

	Earnings per share		
	Weighted average return on equity (%)	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

	Earnings per share		
	Weighted average return on equity (%)	Basic earnings per share	Diluted earnings per share
Profit for the reporting period (2019)			
Net profit attributable to holders of ordinary shares of the Company	12.16	0.201	0.201
Net profit attributable to holders of ordinary shares of the Company (excluding the non-recurring gains or losses)	11.67	0.193	0.193

Note: In 2020 and 2019, 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) 60 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:

	2020	2019
Consolidated net profit attributable to holders of ordinary shares of the Company	9,562,307,621.17	9,465,700,355.79
Non-recurring gains or losses attributable to holders of ordinary shares of the Company	154,046,112.77	379,399,528.24
Consolidated net profit attributable to holders of ordinary shares of the Company (excluding non-recurring gains or losses)	9,408,261,508.40	9,086,300,827.55
Weighted average number of ordinary shares of the Company in issue	50,498,611,100.00	47,132,037,033.33
Basic earnings per share (excluding non-recurring gains or losses) (RMB/share)	0.186	0.193

(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:

	2020	2019
Consolidated net profit attributable to holders of ordinary shares of the Company	9,562,307,621.17	9,465,700,355.79
Weighted average consolidated net assets attributable to holders of ordinary shares of the Company	92,217,802,285.05	77,853,054,201.86
Weighted average return on equity	10.37%	12.16%

(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:

	2020	2019
Consolidated net profit attributable to holders of ordinary shares of the Company (excluding non-recurring gains or losses)	9,408,261,508.40	9,086,300,827.55
Weighted average consolidated net assets attributable to holders of ordinary shares of the Company	92,217,802,285.05	77,853,054,201.86
Weighted average return on equity (excluding non-recurring gains or losses)	10.20%	11.67%

Company Information

Joint Company Secretaries

Mr. Yin Engang

Mr. Lee Kwok Fai Kenneth

Auditor

KPMG Huazhen LLP

8/F, Tower E2, Oriental Plaza,

1 Chang'an Avenue,

Dongcheng District, Beijing

Principal Bankers

China Development Bank (Shenzhen Branch)

CDB Financial Center Building

2003, Fuzhong 3rd Road,

Futian District, Shenzhen,

Guangdong Province, PRC

Bank of China Limited (Shenzhen Branch)

1/F, International Finance Building,

2022 Jianshe Road, Luohu District, Shenzhen,

Guangdong Province, PRC

Industrial and Commercial Bank of China Limited (Shenzhen Branch)

1/F, North Tower, World Financial Centre,

5005 Shennan East Road, Luohu District, Shenzhen,

Guangdong Province, PRC

Legal Advisors

Hong Kong Law

King & Wood Mallesons

13/F, Gloucester Tower, The Landmark,

15 Queen's Road Central, Central, Hong Kong

PRC Law

King & Wood Mallesons

28/F, China Resources Tower, 2666 Keyuan South Road,
Nanshan District,

Shenzhen, PRC

Agricultural Bank of China Limited (Shenzhen Branch)

ABC Building

5008 Shennan East Road, Luohu District, Shenzhen,

Guangdong Province, PRC

Postal Savings Bank of China Co., Ltd. (Shenzhen Branch)

43/F, Postal Information Complex Building,

5055 Yitian Road, Futian District, Shenzhen,

Guangdong Province, PRC

Contact Us

Annual Report

This report was available on our website at www.cgnp.com.cn by April 12, 2021 and posted by April 13, 2021 to Shareholders who have elected to receive corporate communications from the Company in printed form.

Those Shareholders who (a) received our 2020 Annual Report electronically and would like to receive a printed copy or vice versa; or (b) received a printed copy of our 2020 Annual Report in either English or Chinese language only and would like to receive a printed copy of the other language version or to receive printed copies of both language versions in the future, are requested to write to the Company or the Company's Registrar.

Shareholders may at any time change their choice of the language version or means of receipt of the Company's corporate communications free of charge by notice in writing to the Company or the Company's Registrar.

Annual General Meeting

The 2020 AGM is scheduled to be held in May 2021, 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

18/F, South Tower, CGN
Building, No.2002 Shennan Road, Futian District,
Shenzhen, Guangdong Province, China

Postal Code: 518026

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FEEDBACK FORM

Dear Reader:

Thank you for reading the 2020 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 2020 Annual Report.

You are welcomed to complete the following form and return the same to us by e-mail, fax or post. We would like to express our deepest gratitude for your valuable comments!

1. Feedback Form (please tick “√” where appropriate)

	I can easily understand the contents				I can get useful information			
	Strongly agree	Agree	Disagree	Strongly Disagree	Strongly agree	Agree	Disagree	Strongly Disagree
Business at a glance for the year								
Chairman’s Statement								
President’s Review								
Shareholder Value								
Finance, Assets and Investment								
Financial Performance and Analysis								
Assets and Investment								
Business Performance and Outlook								
Industry Overview								
Business Performance and Analysis								
Future Outlook								
Capitals								
Production Capital								
Intellectual Capital								
Human Capital								
Financial Capital								
Environmental Capital								
Social and Relationship Capital								
Corporate Governance								
Board of Directors, Supervisory Committee and Senior Management								
Corporate Governance Report								
Directors’ Report								
Audit and Risk Management Committee Report								
Remuneration Committee Report								
Nomination Committee Report								
Nuclear Safety Committee Report								
Supervisory Committee Report								
Risk Management Report								
Financial Report								
Company Information								
Overall Rating of the Annual Report								

2. Which parts of the Annual Report are you most interested in?
3. What additional information do you expect to be provided in the Annual Report?
4. Any other comments/suggestions?

Please provide your information* below if you so wish:

Name:

Work Unit:

Tel:

E-mail:

* *Your personal data provided in this form may be used in connection with our management of your request, inquiry, comments or suggestions, or conducting or publishing statistical and data analysis. Your supply of personal data is on a voluntary basis. However, we may not be able to follow up your request or inquiry unless you provide us with your personal data.*

Your personal data will not be transferred to any third party.

Your personal data will be retained for such period as may be necessary for the above purposes and its directly related purpose(s) and will be destroyed within two years after the date of receipt of your personal data.

Our Contact Details:

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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.