CGN Power Co., Ltd.*

中國廣核電力股份有限公司

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

(Stock Code : 1816)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2014

FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2014 was RMB20,793,287,000, representing an increase of 19.7% over last year.
- Profit before taxation for the year ended December 31, 2014 was RMB7,799,608,000, representing an increase of 28.5% over last year.
- Profit attributable to owners of the Company for the year ended December 31, 2014 was RMB5,712,568,000, representing an increase of 36.2% over last year.
- Basic earnings per share attributable to owners of the Company for the year ended December 31, 2014 was RMB0.17, representing an increase of 13.3% over last year.
- The Board recommended a payment of final cash dividend of RMB0.025 (inclusive of tax) per 10 shares.

The Board of Directors (the "**Board**") of CGN Power Co., Ltd. (the "**Company**", "**we**" or "**us**") hereby announces the consolidated operating results of the Company and its subsidiaries (the "**Group**") for the year ended December 31, 2014 together with the comparative figures for the year 2013. The financial information of the Group for the year ended December 31, 2014 shown in this results announcement is based on the audited consolidated financial statements prepared in accordance with the International Financial Reporting Standards (the "**IFRS**") issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("**Hong Kong Companies Ordinance**").

* *For identification purpose only*

SUMMARY

The operation objectives of the Company are: To strive for power supply and services that primarily focus on the nuclear power generation by adhering to the principle of "Safety First and Quality Foremost in the Pursuit of Excellence" and the core value of "Doing Things Right in One Go" to the best interests of the customers, shareholders, employees and the society.

In 2014, the Company continued to focus on the safe and stable operation of nuclear power units, and strengthened communication and cooperation with customers and all stakeholders. Through the joint efforts of all levels of employees, the Company achieved good business performance. Eight units in operation maintained safe and stable operation, three new units commenced commercial operations on schedule and operated in good condition, nine units were under construction and the two units under construction by Taishan Nuclear Power Joint Venture Co., Ltd. ("**Taishan Nuclear**"), which is currently being acquired by our Group, were also under smooth construction as scheduled.

In future, the Company will continue to focus on the safe and stable operation of all nuclear power stations, insist on open and transparent information disclosure, and pay close attention to changes in the industry and the market environment. Through maintaining good communication and cooperation with the relevant parties and partners, we will jointly respond to changes and grasp the development opportunities to make the highest quality investment within the appropriate areas, control costs, enhance profitability and strive to continue to achieve good results.

FINANCIAL INFORMATION

The financial information set out below in this announcement is extracted from the Company's 2014 Annual Financial Report. Such financial information has been reviewed by the audit committee of the Company, approved by the Board and has been agreed by Deloitte Touche Tohmatsu, the external auditor of the Company. The external auditor of the Company has audited the consolidated financial statements of the Company for the year 2014 prepared in accordance with the IFRS.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2014

	NOTES	**2014**	2013
		RMB'000	RMB'000
Revenue	4	**20,793,287**	17,365,016
Less: Tax surcharge		**304,153**	255,384
Cost of sales and services		**10,399,297**	8,961,147
Gross profit		**10,089,837**	8,148,485
Other income	5	**1,799,375**	1,505,838
(Loss) gain arising from changes in fair value of derivative financial instruments		**(370,671)**	157,276
Selling and distribution expenses		**(4,049)**	(4,107)
Other expenses		**(223,246)**	(175,278)
Administrative expenses		**(1,464,593)**	(1,027,154)
Other gains and losses	6	**715,807**	(24,064)
Share of results of associates		**232,871**	148,808
Share of results of joint ventures		**228,430**	143,516
Finance costs	7	**(3,204,153)**	(2,803,588)
Profit before taxation		**7,799,608**	6,069,732
Taxation	8	**(924,828)**	(998,335)
Profit for the year	9	**6,874,780**	5,071,397

	NOTES	2014 RMB'000	2013 RMB'000
Other comprehensive expenses:			
Items that may be reclassified subsequently to profit or loss:			
– (Loss) gain on available-for-sale investment		**(71,423)**	62,260
– Exchange differences arising on translation of a subsidiary		**41,009**	(255,876)
– Income tax relating to fair value change of available-for-sale investment		**17,856**	(15,564)
– Others		**(4,214)**	1,039
Other comprehensive expenses for the year, net of income tax		**(16,772)**	(208,141)
Total comprehensive income for the year		**6,858,008**	4,863,256
Profit for the year attributable to:			
Owners of the Company		**5,712,568**	4,194,547
Non-controlling interests		**1,162,212**	876,850
		6,874,780	5,071,397
Total comprehensive income attributable to:			
Owners of the Company		**5,689,758**	4,049,335
Non-controlling interests		**1,168,250**	813,921
		6,858,008	4,863,256
Earnings per share attributable to owners of the Company, basic and diluted (RMB)	10	**0.17**	0.15

Consolidated Statement of Financial Position

As at December 31, 2014

THE GROUP

	NOTES	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**93,982,972**	87,041,894
Intangible assets		**729,567**	764,818
Investment properties		**697,278**	182,506
Interests in associates		**7,062,093**	6,729,540
Interests in joint ventures		**4,831,016**	4,363,726
Available-for-sale investments		**2,403,648**	2,475,071
Deferred tax assets		**100,066**	98,000
Derivative financial instruments		**18,137**	185,454
Value-added tax recoverable		**2,674,502**	2,384,560
Prepaid lease payments		**1,547,862**	1,007,152
Deposits for property, plant and equipment		**729,038**	681,659
		114,776,179	105,914,380
CURRENT ASSETS			
Inventories		**9,337,359**	8,384,295
Properties under development for sale		**—**	266,532
Completed properties for sale		**—**	46,768
Prepaid lease payments		**46,381**	34,845
Trade and bills receivables	11	**2,346,115**	1,629,406
Prepayments and other receivables	12	**873,620**	1,142,907
Amount due from related parties		**530,579**	286,262
Loan to a fellow subsidiary		**180,000**	450,000
Derivative financial instruments		**34,505**	119,880
Restricted bank deposits		**8,275**	7,132
Cash and cash equivalents		**26,712,170**	6,640,318
Other deposits over three months		**2,080,900**	2,752,446
		42,149,904	21,760,791

	NOTES	2014	2013
		RMB'000	RMB'000
CURRENT LIABILITIES			
Trade and other payables	13	**6,165,741**	10,350,079
Amounts due to related parties	14	**5,175,733**	1,825,040
Loans from ultimate holding company	15	**2,945,000**	9,131,000
Loans from fellow subsidiaries	15	**558,400**	1,565,862
Payable to ultimate holding company	15	**3,530,000**	—
Income tax payable		**441,994**	356,482
Provisions		**770,320**	736,819
Bank borrowings - due within one year		**3,837,163**	2,400,783
Derivative financial instruments		**135,022**	96,382
		23,559,373	26,462,447
NET CURRENT ASSETS (LIABILITIES)		**18,590,531**	(4,701,656)
TOTAL ASSETS LESS CURRENT LIABILITIES		**133,366,710**	101,212,724
NON-CURRENT LIABILITIES			
Bank borrowings - due after one year		**55,488,578**	48,721,826
Notes payable		**8,500,000**	8,500,000
Deferred tax liabilities		**1,285,197**	1,199,979
Deferred income		**712,323**	618,449
Provisions		**1,526,003**	1,286,493
Derivative financial instruments		**227,017**	164,640
Borrowings from a financial institution		**953,467**	—
Loans from fellow subsidiaries	15	**3,257,845**	3,099,504
Loans from ultimate holding company	15	**—**	400,000
Payables to ultimate holding company	15	**2,000,000**	5,530,000
		73,950,430	69,520,891
NET ASSETS		**59,416,280**	31,691,833
Capital and reserves			
Paid-in/share capital	16	**45,448,750**	19,767,604
Reserves		**5,339,810**	3,284,117
Equity attributable to owners of the Company		**50,788,560**	23,051,721
Non-controlling interests		**8,627,720**	8,640,112
TOTAL EQUITY		**59,416,280**	31,691,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance which for the year ended December 31, 2014 continue to be those of the predecessor Companies Ordinance (Cap.32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap.622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 of that Ordinance.

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

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

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

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

Basis of consolidation

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

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

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

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

Interests in associates and joint ventures

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

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

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

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

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

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

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

Investments in subsidiaries

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

3. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4. REVENUE AND SEGMENT INFORMATION

Revenue mainly represents revenue arising from sales of electricity derived from nuclear power plants.

An analysis of the Group's revenue for the year is as follows:

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

Information reported to the Board, being the chief operating decision makers ("**CODM**") of the Group, for the purposes of resources allocation and assessment of performance focuses on the types of goods or services delivered or provided. During the year, the Group derived substantially all of the revenue from sales of electricity generated by its nuclear power plants.

The CODM regularly review sales reports, electricity supply reports and construction progress reports. However, no discrete financial information is available for the various businesses respectively. For the purpose of allocating resources and assessing performance, the CODM regularly review the Group's revenue and Group's profit as a whole and as such, there is only one operating and reportable segment.

The segment revenue is the same as the Group's revenue. Segment profit is the Group's profit before taxation without taking into account of unrealized (loss) gain arising from changes in fair value of derivative financial instruments, share of results of the Group's associates and joint ventures. This is the measure reported to the CODM for resources allocation and performance assessment. The reconciliation is as follows:

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

Geographical information

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

Information about major customers

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

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

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

2 revenue from sales of electricity

Segment assets and liabilities

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

5. OTHER INCOME

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

Notes:

(a) In 2013 and 2014, Guangdong Nuclear Investment Co., Ltd. ("**GNIC**") is entitled to a full refund of value-added tax for its revenue from the sales of electricity to a grid company. In addition, subsidiaries of the Company, including嶺澳核電有限公司Ling Ao Nuclear Power Co, Ltd. ("**Ling'ao Nuclear**") and嶺東核電有限公司Ling Dong Nuclear Power Co, Ltd. ("**Lingdong Nuclear**"), are entitled to the value-added tax refund of 75% for the first five years, 70% for the second five years and 55% for the third five years for their revenue from the sales of electricity to a grid company. The first revenue year of Ling'ao Nuclear and Lingdong Nuclear are 2002 and 2010 respectively. There were no conditions or limitations attached to these valued-added tax refunds.

(b) The amounts represent incentives from various PRC government authorities in connection with the enterprise expansion support, technology advancement support and product development support for the year ended December 31, 2014, which had no conditions imposed by the respective PRC government authorities.

6. OTHER GAINS AND LOSSES

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

7. FINANCE COSTS

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

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

8. TAXATION

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

PRC subsidiaries are subject to EIT at 25%, except for the following subsidiaries which enjoyed certain tax exemption and relief.

中廣核檢測技術有限公司CGN Inspection Technology Co., Ltd., 蘇州熱工研究院有限公司Suzhou Nuclear Power Research Institute, 廣東核電合營有限公司Guangdong Nuclear Power Joint Venture Co, Ltd. and Ling'ao Nuclear were approved to enjoy the preferential tax rate of 15% in accordance with the relevant EIT laws and regulations for the two years ended December 31, 2013 and 2014.

Lingdong Nuclear, being enterprise engaged in public infrastructure project, were entitled to tax holiday of three years followed by 50% exemption for the next three years commencing from 2010, which is the first revenue generating year. Pursuant to the "Supplementary Notice of Tax Benefit Scheme in relation to Public Infrastructure Project" (《關於公共基礎設施項目享受企業所得稅優惠政策問題的補充通知》) issued in July 2014, the tax authority clarified that the first year revenue of public infrastructure project should be based on individual reactor project instead of the legal entity as a whole. Since the first revenue generating year of second reactor project of Lingdong Nuclear commenced in 2011, the second reactor project is therefore entitled to enjoy tax holiday in 2013 instead of 50% exemption, resulting in over-provision of EIT in 2013.

陽江核電有限公司Yangjiang Nuclear Power Co., Ltd. ("**Yangjiang Nuclear**"), being enterprise engaged in public infrastructure project, was entitled to tax holiday of three years followed by 50% exemption for the next three years commencing from 2014, which was the first revenue generating year of Yangjiang Nuclear's first reactor.

Pursuant to the relevant laws and regulations in the PRC, 中廣核(北京)仿真技術有限公司China Nuclear Power (Beijing) Simulation Technology Corporation Ltd. was exempted from EIT for two years commencing from its first profit making year in 2010, followed by a 50% exemption for the next three years from 2012 to 2014.

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

The taxation for the year can be reconciled to the profit before taxation per consolidated statement of profit or loss and other comprehensive income as follows:

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

Notes:

(a) Non-deductible expenses for the years ended December 31, 2013 and 2014 mainly represent interest expenses incurred by the ultimate holding company, which are directly attributable to the nuclear power business. Since the ultimate holding company had no taxable profit generated in 2013 and up to establishment of the Company, those amounts were classified as non-deductible expenses in the consolidated financial statements.

(b) Pursuant to the Circular on Relevant Issues Concerning Taxation in Nuclear Power Industry (《關於核電行業稅收政策有關問題的通知》), the value-added tax refund for the sales of electricity by Lingdong Nuclear and Ling'ao Nuclear are exempted from EIT.

9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

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

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

Note:

(a) Research and development expenses are reported under "other expenses" line item, and included staff cost as well as expenses incurred to improve the safety and efficiency of nuclear power operation.

10. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit attributable to the owners of the Company and the weighted average number of ordinary shares for the year on the assumption that the reorganization ("**Reorganization**") underwent by CGNPC and the Company had been effective since January 1, 2013, for the purpose of our listing in the Stock Exchange in 2014.

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

The Group has considered the over-allotment option issued by the Company in December 2014 in the calculation of diluted earnings per share and the amount remains at RMB0.17 per share because the over-allotment option has no significant impact on the computation of diluted earnings per share. The Group had no potential ordinary share in issue during the year ended December 31, 2013.

11. TRADE AND BILLS RECEIVABLES

THE GROUP

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

The following is an analysis of trade receivables by age, net of allowance for doubtful debts presented based on the invoice date at the end of each reporting period:

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

Trade receivables from third parties and bills receivables of the Group, as well as amount due from a non-controlling shareholder with significant influence on the relevant subsidiary, primarily represent receivables from grid companies. The credit terms granted to grid companies on the sales of electricity are 30 days. At December 31, 2014, except for an amount of RMB8,120,000 (2013: RMB6,643,000) aged above one year which are past due and fully impaired as the recoverability is considered as unlikely, trade receivables amounting to RMB1,747,862,000 (2013: RMB1,396,019,000) are neither past due nor impaired and have good credit quality assessed by the management of the Group.

For other related parties, the Group has not granted any credit period and all the balances are past due but not impaired and aged within one year.

Movements in the allowance of doubtful debts for trade receivable are set out as follows:

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

The Group pledged trade receivables from grid companies resulting from the pledge of tariff collection rights with carrying amount of approximately RMB1,191,128,000 (2013: RMB959,983,000) to secure loan facilities granted to the Group as at the end of the reporting period.

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

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

12. PREPAYMENTS AND OTHER RECEIVABLES

THE GROUP

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

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

13. TRADE AND OTHER PAYABLES

THE GROUP

	2014	2013
	RMB'000	RMB'000
Amounts due to third parties	**1,651,385**	1,861,384
Amounts due to fellow subsidiaries	**567,500**	35,454
Receipts in advance from ultimate holding company	**—**	3,840
Receipts in advance from joint ventures	**—**	29,116
Receipts in advance from associates	**534**	1,211
Receipts in advance from fellow subsidiaries	**6,181**	454
Receipts in advance from a non-controlling shareholder with significant influence over the relevant subsidiary	**25,062**	177,456
Receipts in advance from third parties	**12,691**	52,017
Total trade payables	**2,263,353**	2,160,932
Construction payables to third parties	**1,144,125**	1,088,504
Construction payables to fellow subsidiaries	**2,152,170**	6,156,483
Construction payables to a non-controlling shareholder with significant influence over the relevant subsidiary	**6,333**	740
Value-added tax and other tax payables	**292,791**	165,386
Staff cost payables	**31,203**	99,133
Interest on notes payable	**91,820**	89,301
Other payables and accruals to third parties	**183,946**	589,600
Total other payables	**3,902,388**	8,189,147
	6,165,741	10,350,079

The credit period on purchases of goods ranges from 180 days to 360 days. The Group has financial risk management policies in place to ensure all payables are settled within the credit frame.

Other payables mainly include payable for outstanding operating expenses. The balances are unsecured, interest-free and repayable on demand.

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

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

14. AMOUNTS DUE TO RELATED PARTIES/ULTIMATE HOLDING COMPANY

THE GROUP

	2014	2013
	RMB'000	RMB'000
Dividend payable to ultimate holding company	**3,138,582**	—
Dividend payables to non-controlling shareholders	**664,650**	—
Dividend payable to Guangdong Hengjian Investment Holdings Co., Ltd. ("**Hengjian Investment**")	**368,812**	—
Dividend payable to China National Nuclear Corporation ("**CNNC**")	**180,717**	—
Other payable to ultimate holding company	**438,119**	1,418,993
Other payables to fellow subsidiaries	**48,513**	166,710
Other payables to associates	**336,340**	239,337
	5,175,733	1,825,040

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

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

THE GROUP

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

Certain borrowings were secured by prepaid lease payment, nuclear facilities and tariff collection right of the Group.

	2014	2013
	RMB'000	RMB'000
Non-current liabilities		
Loans from fellow subsidiaries repayable after twelve months	**3,257,845**	3,099,504
Loans from ultimate holding company repayable after twelve months	**—**	400,000
Payables to ultimate holding company repayable after twelve months	**2,000,000**	5,530,000
Current liabilities		
Loans from ultimate holding company	**2,945,000**	9,131,000
Loans from fellow subsidiaries	**558,400**	1,565,862
Payable to ultimate holding company	**3,530,000**	—
	12,291,245	19,726,366

	2014	2013
	RMB'000	RMB'000
Repayable within one year		
– RMB loans	**3,503,400**	10,696,862
– RMB payable	**3,530,000**	—
Repayable from one to two years		
– RMB loans	**409,795**	584,362
– RMB long-term payable	**2,000,000**	3,530,000
– EURO loans	**1,719**	1,941
Repayable from two to five years		
– RMB loans	**779,385**	785,192
– RMB long-term payable	**—**	2,000,000
– EURO loans	**5,156**	5,822
Repayable over five years		
– RMB loans	**2,051,480**	2,110,543
– EURO loans	**10,310**	11,644
	12,291,245	19,726,366

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

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

The floating rate loans and payables are arranged at interest rate based on LIBOR or benchmark interest rate of the People's Bank of China.

16. PAID-IN/SHARE CAPITAL

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

Details of movements of the registered share capital of the Company are as follows:

	Share capital/ Number of shares RMB'000/ '000 shares	Unpaid share capital RMB'000	Paid share capital RMB'000
Ordinary shares of RMB1.00 each			
At the date of establishment	35,300,000	(7,395,357)	27,904,643
Issue of shares	–	–	7,395,357
Issue of shares upon listing of the Company's shares on the Stock Exchange on December 10, 2014	8,825,000		8,825,000
Issue of shares on the exercise of over-allotment option on December 22, 2014	1,323,750		1,323,750
At December 31, 2014	**45,448,750**		**45,448,750**

The Company was established on March 25, 2014 and the registered share capital was RMB35,300,000,000 divided into 35,300,000,000 ordinary shares of RMB1.00 each.

On April 25, May 9 and June 5, 2014, a total of 7,395,356,630 shares of RMB1.00 each were issued to CGNPC, CNNC and Hengjian Investment at an aggregate consideration of approximately RMB10,124 million in cash.

On December 10, 2014, 8,825,000,000 H shares of RMB1.00 each of the Company were issued at a price of HK$2.78 by way of global offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange. The proceeds of HK$11,163,753,000 (equivalent to RMB8,825,000,000) representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of approximately HK$13,369,747,000 (equivalent to RMB10,540,522,000), before issuing expenses, were credited to capital reserve.

On December 22, 2014, 1,323,750,000 H shares of RMB1.00 each of the Company were issued at a price of HK$2.78 pursuant to the exercise of over-allotment option. The proceeds of HK$1,676,673,000 (equivalent to RMB1,323,750,000) representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining proceeds of approximately HK$2,003,352,000 (equivalent to RMB1,581,667,000), before issuing expenses, were credited to capital reserve.

Pursuant to the approval by the relevant authority, the domestic shares of 1,014,875,000 were converted into the H shares on a one-for-one basis in December, 2014.

Details of the movement of the number of shares comprising the domestic shares and H shares are shown as below:

	Domestic shares '000	H Shares '000
Ordinary shares of RMB1.00 each		
At the date of establishment	27,904,643	–
Issue of shares	7,395,357	–
Issue of shares upon listing of the Company's shares on the Stock Exchange on December 10, 2014	–	8,825,000
Conversion of domestic shares into H shares	(1,014,875)	1,014,875
Issue of shares on the exercise of over-allotment option on December 22, 2014	–	1,323,750
At December 31, 2014	34,285,125	11,163,625

17. DIVIDEND

Subsequent to the end of the reporting period, a final dividend of RMB0.0025 per share in respect of the year ended December 31, 2014 amounting to approximately RMB113,622,000 in total has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

Pursuant to the shareholders' resolution passed on September 17, 2014, the special dividend was declared in an amount equal to the retained earnings accrued during the period from March 25, 2014 (the date of establishment) to the listing date, approximately RMB3,688,111,000 (representing approximately RMB0.10 per share), to CGNPC, Hengjian Investment and CNNC, being the shareholders of the Company before listing.

Management Discussion & Analysis

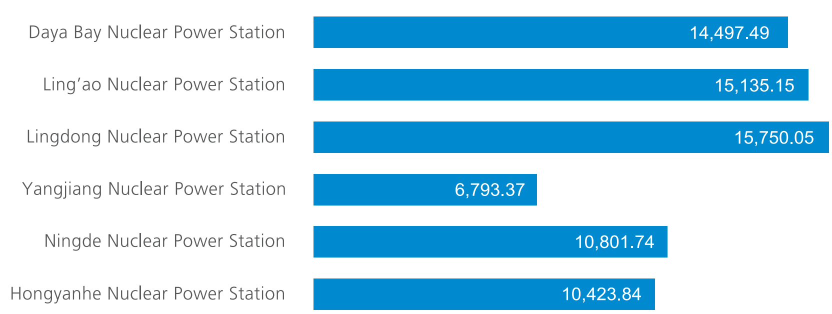
(1) Business Performance and Analysis

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

Nuclear Power Generating Units in Operation

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

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



Safety Performance

Safety Management Practices

The essence of safety management lies in its implementation. In 2014, we continued to conduct nuclear safety culture precautionary education in each nuclear power station we operated and managed. Nuclear power station managers gave training mainly based on the operation and management activities of nuclear power stations, experience and feedback from the peers and organised nuclear safety culture education for all staff. In 2014, with all our nuclear power stations as targets, we developed a multi-site-oriented experience feedback mechanism, and realized multi-site-oriented experience feedback sharing. We have also compiled special publications about experience feedback for different stages of daily operation, and raised a total of more than 300 items of feedback sharing events about multi-site experience throughout the year. Meanwhile, we actively promoted the development of an experience feedback mechanism for project construction, production and operation of nuclear power station, and raised a total of more than 120 items of experience feedback for project construction, production and operation throughout the year. In 2014, we established a multi-site-oriented nuclear emergency rescue center to improve our emergency communications system, and conducted the first multi-site-oriented special emergency drill in Daya Bay Base Area. In 2014, the nuclear power generating units we managed were subject to 27 regular safety inspections by the National Nuclear Safety Administration ("**NNSA**") as scheduled, among which, 6 units of Daya Bay Base Area were subject to a total of 4 inspections, targeting on its reactor coolant system, fire safety, safety-related electrical systems and management of radioactive waste respectively, Yangjiang Nuclear Power Station was subject to a total of six inspections, mainly targeting on the state control point release during the start-up of Yangjiang Units 1, 2 and 3, and the dome lifting of Yangjiang Unit 3; Ningde Nuclear Power Station was subject to a total of 8 inspections, mainly targeting on condition checking prior to and after the first refueling outage of Ningde Unit 1, the state control point release during the start-up of Ningde Units 2 and 3, and welding of main pipe of Ningde Unit 4; Hongyanhe Nuclear Power Station was subject to a total of 9 inspections, mainly targeting on condition checking prior to and after the first refueling outage of Hongyanhe Unit 1, and the state control point release during the start-up of Hongyanhe Units 2, 3 and 4. In 2014, we also organized and invited the World Association of Nuclear Operators ("**WANO**") to conduct four peer reviews on part of the nuclear power stations we operated and managed, including mainly the pre-start-up peer review for Yangjiang Unit 2, Ningde Unit 3 and Hongyanhe Unit 3, and the peer review follow-up visits for the 6 units of Daya Bay Base Area, which helped us to improve our safety management.

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

	Operation Incidents (All are Level 0 Incidents)	
Base Area or Nuclear Power Station	2013	**2014**
Daya Bay Base Area (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station)	1	**4**
Yangjiang Nuclear Power Station	1	**0**
Ningde Nuclear Power Station	10	**6**
Hongyanhe Nuclear Power Station	12	**1**

Operation Performance

The utilization rate of nuclear power generating units is an important factor affecting our overall results of operations and profitability. Capacity factor, load factor and average utilization hours being the three indicators are normally utilized by us to evaluate the utilization of the nuclear power generating units. In 2014, The mature units (nuclear power generating units that have completed operation through three fuel cycles) managed by us had an average capacity factor of 90.0%, average load factor of 89.0%, and average utilization hours of 7,793 hours, while these three indicators were

87.2%, 86.6% and 7,851 hours in 2013, respectively. This change is mainly due to the fact that Daya Bay Unit 1 had not conducted any outage in 2014. In 2014, the new units (nuclear power units that have not completed operation through three fuel cycles after commercial operations) had an average capacity factor of 82.2%, average load factor of 79.5%, and average utilization hours of 6,939 hours, while these three indicators were 99.9%, 97.4% and 8,534 hours in 2013, respectively. This change is mainly due to the fact that Ningde Unit 1 and Hongyanhe Unit 1 completed the first outage in 2014, and these two units did not conduct any outage since their commercial operations in 2013.

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

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

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

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

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

	Capacity factor (%)		Load factor (%)	
Nuclear Power Stations	2013	**2014**	2013	**2014**
From subsidiaries				
Daya Bay Unit 1	86.83	**99.66**	86.76	**100.02**
Daya Bay Unit 2 Note 1	85.93	**75.62**	86.04	**75.58**
Ling'ao Unit 1 Note 2	82.94	**90.43**	82.38	**88.59**
Ling'ao Unit 2 Note 3	88.58	**94.55**	87.28	**93.46**
Lingdong Unit 1 Note 4	90.11	**89.42**	88.78	**87.88**
Lingdong Unit 2 Note 5	88.95	**90.31**	88.18	**88.35**
Yangjiang Unit 1	under construction	**99.93**	under construction	**98.78**
From joint ventures				
Ningde Unit 1 Note 6	99.95	**57.31**	98.51	**56.70**
Ningde Unit 2	under construction	**99.83**	under construction	**98.66**
From associates				
Hongyanhe Unit 1 Note 7	99.90	**71.48**	96.32	**67.17**
Hongyanhe Unit 2	under construction	**82.68**	under construction	**76.29**

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

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

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

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

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

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

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

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

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

Environmental Performance

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

The following table sets for the amounts and percentages of the various types of radioactive waste discharged at the nuclear power stations for the periods indicated as a percentage of the national standards:

	Daya Bay Base Area (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station)		Yangjiang Nuclear Power Station		Ningde Nuclear Power Station		Hongyanhe Nuclear Power Station	
	2013	2014	2013	2014	2013	2014	2013	2014
Discharged liquid radioactive waste (radionuclides other than tritium) as a percentage of the national standards	0.38%	0.162%	0.21%	0.068%	0.14%	0.55%	0.85%	0.84%
Discharged gas radioactive waste (inert gases) as a percentage of the national standards	0.49%	0.133%	0.17%	0.127%	0.27%	0.53%	1.68%	0.176%
Solid radioactive waste (cubic meters)	355.2	367.2	0	0	38.0	100	32.7	125.8
Results of environmental monitoring	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal

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

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

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

Our annual on-grid nuclear power generation in effect represented a reduction of approximately 23.56 million tons of standard coal consumption, approximately 57.96 million tons of carbon dioxide emissions, approximately 0.56 million tons of sulfur dioxide emissions and approximately 0.37 million tons of nitrogen oxide emissions' with equivalent effect of planting a 160,000 hectare forest.

Nuclear Power Generating Units Under Construction

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

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

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

Nuclear Power Generating Units	Civil Construction Phase	Equipment Installation Phase	Commissioning Phase	Grid Connection Phase	Expected Date of Commencement of Operation
From subsidiaries					
Yangjiang Unit 2			√		Second half of 2015
Yangjiang Unit 3			√		First half of 2016
Yangjiang Unit 4		√			Second half of 2017
Yangjiang Unit 5	√				Second half of 2018
Yangjiang Unit 6	√				Second half of 2019
From joint ventures					
Ningde Unit 3			√		Second half of 2015
Ningde Unit 4		√			Second half of 2016
From associates					
Hongyanhe Unit 3			√		First half of 2015
Hongyanhe Unit 4			√		Second half of 2015
From companies which are being acquired					
Taishan Unit 1			√		First half of 2016
Taishan Unit 2		√			Second half of 2016

- "Civil construction" refers to activities within the construction phase, particularly the construction of various buildings and structures in accordance with the applicable blueprints. The scheduled duration is approximately 23 months.

- "Equipment installation" refers to the entire process of placing and installing equipment in right positions and equipment integration during the construction phase. The scheduled duration is approximately 26 months.

- "Commissioning" refers to the process of operating the installed systems and equipment and confirming whether their performance fulfills the requirements of their design and the applicable standards. During this phase, the NNSA will issue an Approval for First Fuel Loading in Nuclear Power Plant (《核電廠首次裝料批准》) which allows the first fuel loading in a nuclear power generating unit for carrying out commissioning and trial runs of nuclear reactors. The scheduled duration is approximately 11 months.

- "Grid connection" refers to the connection of a power generating unit's electricity transmission circuit to the electricity grid, and indicates that the power generating unit has the ability to transmit electricity from its internal systems. The scheduled duration is approximately 5 months.

"Scheduled duration" mentioned above refers to the duration of the given stage under normal circumstances, and may change depending on different circumstances of the specific projects. In particular, as the date of commencement of operation may be affected by various factors including, among others, delivery delays, increase in the cost of key equipment and materials, delay in obtaining regulatory approvals, permits or licenses, unexpected engineering, environmental or geological problems, change of localization ratio as well as the implementation of additional PRC regulatory and safety requirements for nuclear safety, the actual date of commencement of operation may deviate from such expected date. We will provide updated information in accordance with the relevant rules from time to time.

Safety Improvement after the Fukushima Accident

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

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

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

Sales of Electricity

We derive substantially all of our revenue from the sales of electricity generated by nuclear power stations in which we have controlling interest. We sell the electricity generated by our nuclear power stations based on electricity sales contracts. In 2014, the on-grid power generation of nuclear power stations controlled by us was 52,176.06 GWh and the sales revenue of electricity was RMB19,327.4 million, representing 93% of our total revenue for the same period.

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

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

Analysis on Sales of Electricity

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

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

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

(2) Outlook

In 2015, 4 generating units of the Company under construction will commence commercial operations, being: Yangjiang Unit 2, Ningde Unit 3 and Hongyanhe Units 3 and 4, respectively.

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

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

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

(3) Financial Performance and Analysis

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

OVERVIEW OF FINANCIAL RESULTS AND POSITION

KEY FINANCIAL INDICATORS

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

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

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

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

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

(5) Total debt (the total amount of bank and other borrowings) divided by total equity and multiplied by 100%.

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

(7) Profit before interest and tax divided by interest expense.

FINANCIAL RESULTS

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

REVENUE

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

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

COST OF SALES AND SERVICES

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

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

OTHER INCOME

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

SHARE OF RESULTS OF ASSOCAITES

Our associates mainly include Liaoning Hongyanhe Nuclear Power Co., Ltd. ("**Hongyanhe Nuclear**") and CGN Industry Investment Fund Phase I Co., Ltd. ("**CGN Fund Phase I**"), and our share of results of associates increased from RMB148.8 million in 2013 to RMB232.9 million in 2014, primarily because Hongyanhe Unit 2 commenced commercial operations in May 2014 and generated profits.

SHARE OF RESULTS OF JOINT VENTURES

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

FINANCE COSTS

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

TAXATION

Taxation decreased by 7.4% from RMB998.3 million in 2013 to RMB924.8 million in 2014, primarily due to the reason that the units of Lingdong Nuclear enjoyed preferential corporate income tax policy pursuant to the relevant provisions of the "Supplementary Notice on Issues Relating to Preferential Corporate Income Tax Enjoyed by Public Infrastructure Projects Cai Shui [2014] No. 55" (《關於公共基礎設施項目享受企業所得優惠政策問題的補充通知》財稅 [2014] 55號) issued by the Ministry of Finance and the State Administration of Taxation in July 2014.

PROFIT FOR THE YEAR

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

FINANCIAL POSITION

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

NET CURRENT ASSETS (LIABILITIES)

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

CURRENT ASSETS

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

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

CURRENT LIABILITIES

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

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

NON-CURRENT ASSETS

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

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

NON-CURRENT LIABILITIES

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

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

TOTAL EQUITY

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

CAPITAL EXPENDITURE

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

MAJOR INVESTMENTS

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

MATERIAL ACQUISITION AND DISPOSAL

MATERIAL ACQUISITION

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

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

DISPOSAL OF YANGJIANG SITE DEVELOPMENT CO., LTD.

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

USE OF PROCEEDS

The Company issued 10,148,750,000 H shares by way of global offering in December 10, 2014 with net proceeds of RMB21,603.5 million after deducting various issuance costs. As at December 31, 2014, the Group had not used the proceeds from the global offering of the Company.

CONTINGENCIES

EXTERNAL GUARANTEES

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

PLEDGE OF ASSETS

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

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

LEGAL PROCEEDINGS

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

HUMAN RESOURCES

The total number of employees of the Group was 7,253 (9,717 if employees of associates and joint ventures were included) as at December 31, 2014. The Group implements remuneration policy that is competitive in the industry, and pays commissions and discretionary bonus to its sales personnel and other employees with reference to performance of the Group and individual employees. The total cost of the employees for the year ended December 31, 2014 amounted to RMB2,726.8 million (exclusive of our associates and joint ventures).

In accordance with the corporate development strategies and the practical business needs, the Group has provided various training programs to its staffs at various positions via a number of channels, including induction courses for new staff; training of professional knowledge in connection with finance, internal control and evaluation of the value of each position; and various special training etc..

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended December 31, 2014.

EXCHANGE RATE

For the year ended December 31, 2014, the Group has not suffered any major difficulties of or impacts on its operations or liquidity due to exchange rate fluctuations. For the risk of exchange rate fluctuations of the Company, we have been adhering to the principle of prudence, conducting timely debt hedging and risk prevention arrangements to reduce the impact of financial market volatility on the Company's operating costs, expected earnings and cash flow.

FINAL DIVIDEND

Apart from the special dividend as mentioned by the Company in its prospectus, the Board recommended a payment of final cash dividend of RMB0.025 per 10 Shares for the year from the Company's listing date (December 10, 2014) to December 31, 2014 to shareholders of the Company as of the record date for payment of dividend. The ratio of dividend distribution for the year is based on the fact that we only became listed on the Main Board of the Stock Exchange in December 2014, and the consideration of the specific operation results for the year. The final dividend distribution ratio for the year was determined taking into consideration that we listed on the Main Board of the Stock Exchange in December 2014 and our overall operation results for the year. In the future, the Board will take into consideration the Company's business performance and other factors for the relevant year when determining the dividend distribution ratio for such year, provided that it shall not be lower than 33% of the distributable net profit for such year. The distribution of dividends shall be subject to the shareholders' approval at the annual general meeting (the "**2014 Annual General Meeting**") of the Company. For details of the distribution of final dividend of the Company, please refer to the circular for the 2014 Annual General Meeting to be issued by the Company.

POST BALANCE SHEET EVENTS

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

ANNUAL GENERAL MEETING AND CLOSURE OF SHARE REGISTER OF MEMBERS

The Company proposes to hold the 2014 Annual General Meeting in May 2015. For details of the resolutions to be considered and approved, the book closure date of H shares, the record date for payment of dividend, and the date of the 2014 Annual General Meeting, please refer to the circular for the 2014 Annual General Meeting to be issued by the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

From December 10, 2014 (the listing date) to December 31, 2014, the Company has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**Stock Exchange Codes**") contained in Appendix 14 to the Listing Rules. Meanwhile, the Board has approved and adopted the Corporate Governance Code of CGN Power Co., Ltd. (First Edition) on November 11, 2014. During the period from the listing date to December 31, 2014, the Company has complied with the all code provisions contained in the Stock Exchange Codes, except for the one of the best recommended practices proposed in the Stock Exchange Codes (namely a listed company should announce and publish quarterly results report). We propose to adopt the approach of publishing business review and brief on material events on a quarterly bases.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Company by directors and supervisors of the Company. The Company has also formulated and adopted the Code for Securities Transactions by Directors and Specified Individuals on terms no less exacting than those of the Model Code. According to the specific enquiry made to all directors and supervisors of the Company, all directors and supervisors of the Company have confirmed that they have strictly complied with the standards set out in the Model Code throughout the reporting period.

AUDIT COMMITTEE

The Company has established an audit committee ("**Audit Committee**") in compliance with the requirements of Rule 3.21 of the Listing Rules and the Stock Exchange Codes with written terms of reference. The main responsibility of the Audit Committee is to assist the Board by provision of independent opinions on the financial reporting procedures, internal control and risk management systems of the Group, and to provide supervision on the auditing process and to fulfill all other duties and responsibilities designated by the Board. On the date of this announcement, the Audit Committee comprises one non-executive director (Mr. Zhuo Yuyun) and two independent non-executive directors (Mr. Na Xizhi and Mr. Francis Siu Wai Keung). Mr. Francis Siu Wai Keung, who possesses accounting qualification acted as the chairman of the Audit Committee.

The Audit Committee has reviewed the 2014 annual results and the financial statements for the year ended December 31, 2014 of the Group prepared in accordance with the IFRS.

AUDITORS

Deloitte Touche Tohmatsu has audited the consolidated financial statements of the Company for the year ended December 31, 2014 prepared in accordance with the IFRS.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://www.cgnp.com.cn) respectively.

The Company will despatch to the shareholders in due course all the information required by the Listing Rules together with the 2014 annual report of the Company, which will also be published on the websites of the Company and the Stock Exchange.

By order of the Board
CGN Power Co., Ltd.*
Zhang Shanming
Chairman

The PRC, March 18, 2015

If there is any discrepancy between the English version and the Chinese version in respect of this announcement, the Chinese version shall prevail.

As at the date of this announcement, the Board of the Company comprises Mr. Gao Ligang as executive Director; Mr. Zhang Shanming, Mr, Zhang Weiqing, Mr. Shi Bing, Mr. Xiao Xue and Mr. Zhuo Yuyun, as non-executive Directors; Mr. Na Xizhi, Mr. Hu Yiguang and Mr. Francis Siu Wai Keung, as independent non-executive Directors.

* *For identification purpose only*