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, 2017

FINANCIAL HIGHLIGHTS

Pursuant to the concert party agreement entered into between CGN Ninghe Investment Co., Ltd. (中廣核寧核投資有限公司), a subsidiary of the Company, and Datang International Power Generation Co., Ltd. (大唐國際發電股份有限公司) ("**Datang Power**") in December 2016, Fujian Ningde Nuclear Power Co., Ltd. (福建寧德核電有限公司) ("**Ningde Nuclear**") has become a subsidiary of the Group since January 1, 2017 and has been consolidated into the Group. The change of Ningde Nuclear from a joint venture to a subsidiary of the Group led to a generation of gain on remeasurement of RMB1,785,082,000 and effects on the profit for the year attributable to owners of the Company of RMB1,434,393,000. For the year ended December 31, 2017:

- Revenue of the Group was RMB45,616,454,000, representing an increase of 38.7% over last year.
- Profit for the year attributable to owners of the Company was RMB9,500,319,000, representing an increase of 30.4% over last year.
- Profit for the year attributable to owners of the Company (excluding the effects of net foreign exchange gain/loss and gain on remeasurement of previously held interest in a joint venture becoming a subsidiary) was RMB8,279,598,000, representing an increase of 9.7% over last year.
- The Board recommended a payment of final cash dividend of RMB0.068 (inclusive of tax) per share.

* *For identification purpose only*

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, 2017 (the "**Reporting Period**") together with the comparative figures for the year 2016. The financial information of the Group for the year ended December 31, 2017 shown in this results announcement is based on the audited consolidated financial statements prepared in accordance with the International Financial Reporting Standards (the "**IFRSs**") 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**").

SUMMARY

We are committed to pursuing the management value with integrity and transparency, upholding high standards of governance, and striving to maintain the stable business growth of the Company, so as to create the best benefit for our customers, shareholders, employees and our society.

In 2017, there had been moderate recovery in the world economy. In China, economy had been stable and sound, economic structure continued to optimize, and there had been further reforms in the energy system. The sophisticated external environment had been exerting profound influences to our operation and development from time to time. Faced with such sophisticated environment, in 2017, we continued to focus on the safe and stable operation of the generating units in operation, facilitated the construction of units under construction and strengthened the communication and cooperation with our customers and relevant parties. Through the joint efforts of all employees, the Company achieved stable growth in terms of operating results. By the end of 2017, we managed 20 nuclear power generating units in operation, with a total annual on-grid power generation of 137,734.87 GWh, representing a year-on-year increase of 19.16% as compared with that of 2016. Among which, the total annual on-grid power generation of the subsidiaries of the Company reached 115,872.70 GWh, representing a year-on-year increase of 18.37% as compared with that of 2016*, the total annual on-grid power generation of the associates of the Company reached 21,862.17 GWh, representing a year-on-year increase of 23.58% as compared with that of 2016. As of the end of 2017, we were conducting the construction of 8 nuclear power generating units.

The Company has placed primary importance on safety and taken the initiatives to adapt to the changes in the industry and market development, while enhancing the quality and effectiveness through improvement and optimization of operation. We strive to expand the domestic market, closely follow the investment opportunities in the international market, and seek for expansion by taking proper approaches at appropriate timing. We will strive to create value for our shareholders and make efforts to the improvement of regional economy and the promotion of the community development.

* Ningde Nuclear has been changed from a joint venture of the Group to a subsidiary of the Group since January 1, 2017. For the purpose of business comparison, the operating data of Ningde Nuclear for the corresponding period in 2016 is considered as the data of a subsidiary.

FINANCIAL INFORMATION

The financial information set out below in this announcement is extracted from the Company's 2017 Annual Report. Such financial information has been reviewed by the audit and risk management committee of the Company, approved by the Board and has been agreed by Deloitte Touche Tohmatsu, the external auditor of the Company. The consolidated financial statements of the Company for the year 2017 prepared in accordance with the IFRSs has been audited by the external auditor of the Company with unqualified audit opinion being issued.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2017

	NOTES	**2017**	2016
		RMB'000	RMB'000
Revenue	5	**45,616,454**	32,890,307
Less: Tax surcharge		**(627,548)**	(437,066)
Cost of sales and services		**(25,406,270)**	(18,096,205)
Gross profit		**19,582,636**	14,357,036
Other income	6	**1,756,707**	1,657,690
Net gain (loss) arising from changes in fair value of derivative financial instruments	9	**29,936**	(13,844)
Selling and distribution expenses		**(91,087)**	(99,702)
Other expenses		**(773,886)**	(751,802)
Administrative expenses		**(2,332,040)**	(2,258,557)
Other gains and losses	7	**1,353,679**	(520,533)
Share of results of associates		**599,638**	539,422
Share of results of joint ventures		**2,998**	751,125
Finance costs	8	**(6,287,151)**	(4,083,346)
Profit before taxation	9	**13,841,430**	9,577,489
Taxation	10	**(1,326,909)**	(652,782)
Profit for the year		**12,514,521**	8,924,707

	NOTE	**2017**	2016
		RMB'000	RMB'000
Other comprehensive (expenses) income:			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of a subsidiary		**(428,938)**	498,373
– Share of other comprehensive expenses of associates		**(114,301)**	(152,116)
– Others		**(3,279)**	(2,690)
Other comprehensive (expenses) income for the year		**(546,518)**	343,567
Total comprehensive income for the year		**11,968,003**	9,268,274
Profit for the year attributable to:			
Owners of the Company		**9,500,319**	7,286,934
Non-controlling interests		**3,014,202**	1,637,773
		12,514,521	8,924,707
Total comprehensive income attributable to:			
Owners of the Company		**9,061,132**	7,505,902
Non-controlling interests		**2,906,871**	1,762,372
		11,968,003	9,268,274
Earnings per share attributable to owners of the Company, basic (RMB)	11	**0.209**	0.160

Consolidated Statement of Financial Position

As at December 31, 2017

	NOTES	**December 31, 2017 RMB'000**	December 31, 2016 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**277,283,783**	216,509,163
Intangible assets		**3,695,173**	3,065,535
Investment properties		**239,670**	320,333
Goodwill	21	**419,243**	—
Interests in associates		**8,346,444**	7,837,967
Interests in joint ventures		**17,187**	4,199,132
Available-for-sale investments		**195,310**	195,310
Deferred tax assets		**1,551,267**	1,687,249
Derivative financial instruments		**1,857**	1,416
Prepayments and value-added tax recoverable	13	**6,688,555**	6,277,564
Prepaid lease payments		**3,485,679**	2,959,611
Deposits for property, plant and equipment		**1,233,431**	755,884
		303,157,599	243,809,164
CURRENT ASSETS			
Inventories		**19,738,837**	13,137,983
Amounts due from customers for contract work		**6,819,200**	5,300,838
Prepaid lease payments		**98,168**	85,649
Trade and bills receivables	12	**6,648,448**	5,735,493
Prepayments and other receivables	13	**9,094,120**	7,360,943
Amounts due from related parties		**1,619,500**	1,625,292
Derivative financial instruments		**2,735**	12,521
Restricted bank deposits		**9,367**	6,400
Other deposits over three months		**2,023,000**	2,047,000
Cash and cash equivalents		**10,315,715**	8,456,534
		56,369,090	43,768,653
Assets classified as held for sale		**—**	55,977
		56,369,090	43,824,630

	NOTES	**December 31, 2017** **RMB'000**	December 31, 2016 RMB'000
CURRENT LIABILITIES			
Trade and other payables	14	**24,211,067**	19,294,867
Amounts due to customers for contract work		**499,175**	855,926
Amounts due to related parties	15	**2,997,414**	8,081,680
Loans from ultimate holding company	16	**800,000**	1,025,500
Loans from fellow subsidiaries	16	**1,691,560**	3,651,242
Loans from an associate	16	**4,405,803**	3,945,435
Loans from non-controlling interests of subsidiaries	16	**1,255,996**	—
Income tax payable		**670,628**	630,519
Provisions	17	**1,187,124**	1,060,000
Bank borrowings – due within one year		**21,904,038**	20,806,759
Notes payable – due within one year		**1,000,000**	5,600,000
Derivative financial instruments		**31,560**	215,036
		60,654,365	65,166,964
Liabilities directly associated with assets classified as held for sale		**—**	699
		60,654,365	65,167,663
NET CURRENT LIABILITIES		**(4,285,275)**	(21,343,033)
TOTAL ASSETS LESS CURRENT LIABILITIES		**298,872,324**	222,466,131

	NOTES	**December 31, 2017** **RMB'000**	December 31, 2016 RMB'000
NON-CURRENT LIABILITIES			
Bank borrowings – due after one year		**178,631,086**	124,482,040
Notes payable – due after one year		**6,995,867**	7,993,568
Deferred tax liabilities		**1,565,735**	1,615,117
Deferred income		**995,286**	984,873
Provisions	17	**3,244,866**	2,467,433
Derivative financial instruments		**—**	5,744
Loans from fellow subsidiaries	16	**1,750,500**	—
Loans from an associate	16	**3,130,897**	2,989,975
Staff cost payables	18	**24,950**	28,708
		196,339,187	140,567,458
NET ASSETS		**102,533,137**	81,898,673
CAPITAL AND RESERVES			
Share capital	19	**45,448,750**	45,448,750
Reserves		**20,388,925**	11,085,951
Equity attributable to owners of the Company		**65,837,675**	56,534,701
Non-controlling interests		**36,695,462**	25,363,972
TOTAL EQUITY		**102,533,137**	81,898,673

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

The 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 ("**Listing Rules**") and by the Hong Kong Companies 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 for share-based payment transactions that are within the scope of IFRS 2 Share-based payment, leasing transactions that are within the scope of IAS 17 Leases and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of assets.

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

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

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

Basis of consolidation

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

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

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

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

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.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee, with a resulting gain or loss being recognized in profit or loss.

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

Business combinations other than involving entities under common control

Business combinations other than involving entities under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

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

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

5. 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:

	2017	2016
	RMB'000	RMB'000
Sales of electricity	**41,543,214**	28,114,633
Revenue from construction contracts and design projects	**2,680,489**	2,820,090
Revenue from technical and training service	**722,427**	1,029,728
Sales of equipment and other goods	**670,324**	925,856
	45,616,454	32,890,307

Information reported to the board of directors of the Company, being the chief operating decision makers ("**CODM**") of the Group, for the purposes of resources allocation and assessment of performance focuses on the types of goods or services delivered or provided.

The Group has two reportable segments, namely (i) nuclear power operation and sales of electricity and related technical services segment; and (ii) engineering construction and technical services segment.

The CODM regularly review sales reports, electricity supply reports and construction progress reports. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from another operating segment. Summarized details of the reportable segments are as follows:

(i) the nuclear power operation and sale of electricity and related technical services segment which mainly generates revenue from sale of electricity through nuclear power operation; and

(ii) the engineering construction and technical services segment which generates revenue from construction of nuclear power plants and design projects, technical and training service, sales of equipment and other goods.

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

	For the year ended December 31, 2017				
	Nuclear power operation and sales of electricity and related technical services segment RMB'000	**Engineering construction and technical services segment RMB'000**	**Subtotal RMB'000**	**Elimination RMB'000**	**Total RMB'000**
Revenue					
External sales	**42,421,872**	**3,194,582**	**45,616,454**	**—**	**45,616,454**
Inter-segment sales	**614,714**	**10,784,382**	**11,399,096**	**(11,399,096)**	**—**
Segment revenue	**43,036,586**	**13,978,964**	**57,015,550**	**(11,399,096)**	**45,616,454**
Segment profit before taxation reported to the board of directors	**13,168,559**	**739,963**	**13,908,522**	**(866,988)**	**13,041,534**
Add: Unrealized gain arising from changes in fair value of derivative financial instruments	**197,260**	**—**	**197,260**	**—**	**197,260**
Add: Share of results of associates	**333,986**	**202,071**	**536,057**	**63,581**	**599,638**
Add: Share of results of joint ventures	**2,998**	**—**	**2,998**	**—**	**2,998**
Group's profit before taxation	**13,702,803**	**942,034**	**14,644,837**	**(803,407)**	**13,841,430**

	For the year ended December 31, 2016				
	Nuclear power operation and sales of electricity and related technical services segment RMB'000	Engineering construction and technical services segment RMB'000	Subtotal RMB'000	Elimination RMB'000	Total RMB'000
Revenue					
External sales	29,387,755	3,502,552	32,890,307	—	32,890,307
Inter-segment sales	567,358	10,928,341	11,495,699	(11,495,699)	—
Segment revenue	29,955,113	14,430,893	44,386,006	(11,495,699)	32,890,307
Segment profit before taxation reported to the board of directors	8,072,725	789,131	8,861,856	(695,323)	8,166,533
Add: Unrealized gain arising from changes in fair value of derivative financial instruments	120,409	—	120,409	—	120,409
Add: Share of results of associates	287,616	199,768	487,384	52,038	539,422
Add: Share of results of joint ventures	718,502	—	718,502	32,623	751,125
Group's profit before taxation	9,199,252	988,899	10,188,151	(610,662)	9,577,489

Inter-segment sales are charged at prevailing government-prescribed price, government-guided price or market prices.

Geographical information

As the Group's operations, non-current assets and revenues from the external customers are all located in the PRC, no 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:

	2017	2016
	RMB'000	RMB'000
Entities under control by the PRC Government (excluding entities under control by CGNPC, a joint venture and an associate) [1]	**36,210,378**	22,948,559
Entities under control by CGNPC[2]	**953,017**	859,929
A joint venture[2]	**—**	1,297,774
Associates[2]	**2,254,611**	1,768,354
An associate of CGNPC[2]	**—**	203,843
Hong Kong Nuclear Investment Co., Ltd.[1]	**5,332,837**	5,166,074

[1] revenue from sales of electricity to power grids and a non-controlling interests with significant influence over the relevant subsidiary from nuclear power operation and sale of electricity and related technical services segment

[2] revenue from construction contracts and design projects, technical and training service, and sales of equipment and other goods to related parties from both segments

Segment assets and liabilities

	December 31, 2017 RMB'000	December 31, 2016 RMB'000
Segment assets		
Nuclear power operation and sale of electricity and related technical services segment	**339,339,490**	265,001,229
Engineering construction and technical services segment	**24,198,771**	22,580,130
Total segment assets	**363,538,261**	287,581,359
Unallocated assets	**8,368,223**	12,051,036
Elimination	**(12,379,795)**	(11,998,601)
Total assets	**359,526,689**	287,633,794
Segment liabilities		
Nuclear power operation and sale of electricity and related technical services segment	**243,842,832**	194,384,795
Engineering construction and technical services segment	**22,642,963**	20,975,863
Total segment liabilities	**266,485,795**	215,360,658
Unallocated liabilities	**31,560**	220,780
Elimination	**(9,523,803)**	(9,846,317)
Total liabilities	**256,993,552**	205,735,121

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments other than interests in associates, interests in joint ventures and derivative financial instruments - assets; and
- All liabilities are allocated to operating segments other than derivative financial instruments - liabilities.

6. OTHER INCOME

	2017	2016
	RMB'000	RMB'000
Value-added tax refunds (note a)	**1,386,129**	1,315,548
Interest income from bank deposits	**26,997**	53,407
Interest income from an associate	**179,673**	172,738
Rental income	**21,511**	21,849
Dividend from available-for-sale investments	**23,862**	14,433
Government grants		
– related to expenses items (note b)	**55,298**	15,313
– related to assets	**63,237**	64,402
	1,756,707	1,657,690

Notes:

(a) 嶺澳核電有限公司Ling Ao Nuclear Power Co, Ltd. ("**Ling'ao Nuclear**"), 嶺東核電有限公司Ling Dong Nuclear Power Co, Ltd. ("**Lingdong Nuclear**"), 陽江核電有限公司Yangjiang Nuclear Power Co., Ltd. ("**Yangjiang Nuclear**") and 寧德核電Ningde Nuclear, subsidiaries of the Company, are entitled to the value-added tax refund for the first 15 years for their revenue from the sales of electricity since the second month of commencement of reactor projects' commercial operation. There were no conditions or limitations attached to these valued-added tax refunds. Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them (if applicable) and that the grants will be received.

(b) The amounts represent incentives from various PRC government authorities in connection with the enterprise expansion support, technology advancement support and product development support for the years ended December 31, 2017 and 2016, which had no conditions imposed by the respective PRC government authorities.

7. OTHER GAINS AND LOSSES

	2017	2016
	RMB'000	RMB'000
Net foreign exchanges losses (note)	**(434,810)**	(528,532)
Gain on disposal of investment properties	**—**	64,846
Gain on remeasurement of previously held interest in a joint venture becoming a subsidiary (note 21)	**1,785,082**	—
Gain (loss) on disposal of a subsidiary	**71,520**	(38,339)
Gain from disposal of an associate	**199**	—
Allowance for trade and other receivables	**(22,268)**	(4,323)
Allowance for prepayments and other receivables	**(374)**	—
Loss on disposals of property, plant and equipment	**(6,238)**	(14,894)
Others	**(39,432)**	709
	1,353,679	(520,533)

Note: Foreign exchange (losses)gains were incurred mainly due to the translating of different currency rates (at the end of the year with rates on different trading days or the rates at the beginning of the year) on monetary assets and monetary liabilities denominated in currencies other than the functional currencies.

8. FINANCE COSTS

	2017	2016
	RMB'000	RMB'000
Interest on bank borrowings	**9,245,141**	6,643,764
Interest on notes payable	**321,377**	677,584
Interest on loans from ultimate holding company	**168,244**	65,407
Interest on long-term payables to ultimate holding company	**—**	81,233
Interest on loans from fellow subsidiaries	**11**	156,636
Interest on loans from an associate	**276,284**	300,126
Interests relating to provision for nuclear power plant decommissioning	**182,361**	131,701
Total interest expenses	**10,193,418**	8,056,451
Less: capitalized in construction in progress	**(3,906,267)**	(3,973,105)
Total finance costs	**6,287,151**	4,083,346

Borrowing costs capitalized during the year arose on the specific borrowings obtained for the construction work and the general borrowing pool by applying a capitalization rate ranging from 4.13% to 4.79% (2016: 4.40% to 4.99%). The capitalization rate of the general borrowings represents the weighted average rate of the general borrowings occupied.

9. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging (crediting):

	2017	2016
	RMB'000	RMB'000
Directors' emoluments	**2,355**	2,441
Supervisors' emoluments	**3,154**	4,990
Other staff costs:		
Salaries and other benefits	**7,607,492**	6,931,369
Retirement benefit scheme contributions	**496,650**	442,797
Total staff costs	**8,109,651**	7,381,597
Less: Capitalized in property, plant and equipment	**(2,302,538)**	(2,627,073)
Less: Capitalized in intangible assets	**(176,264)**	(196,393)
	5,630,849	4,558,131
Depreciation and amortisation of:		
– Property, plant and equipment	**7,126,374**	4,719,520
Less: Capitalized in construction in progress	**(260,682)**	(296,727)
	6,865,692	4,422,793
– Prepaid lease payments	**98,168**	85,545
Less: Capitalized in construction in progress	**(19,622)**	(19,622)
	78,546	65,923
– Intangible assets	**268,272**	210,057
– Investment properties	**21,839**	27,981
	7,234,349	4,726,754

	2017 RMB'000	2016 RMB'000
Auditor's remuneration	**7,439**	6,830
Allowance on inventories	**275,316**	151,955
Cost of generating electricity (including cost of nuclear fuel consumed of RMB6,765,809,000 (2016: RMB4,212,184,000)) recognized as expenses	**20,565,282**	13,063,444
Unrealized gain arising from fair value change in financial assets and liabilities at FVTPL	**(197,260)**	(120,409)
Realized loss arising from financial assets and liabilities at FVTPL	**167,324**	134,253
Net (gain) loss arising from changes in the fair value of derivative financial instruments	**(29,936)**	13,844
Gross rental income from investment properties	**(21,511)**	(21,849)
Less: Direct operating expenses including depreciation of investment properties and expenses incurred for generating rental income	**31,215**	36,916
	9,704	15,067
Research and development expenses (note)	**773,886**	751,802
Provision for spent fuel management (included in cost of sales)	**1,187,125**	1,061,545
Provision for low and medium level radioactive waste management (included in cost of sales)	**96,415**	14,648
Operating lease rentals in respect of rented premises	**350,689**	329,661

Note: Research and development expenses are reported under "other expenses" line item on the face of consolidated statement of profit or loss and other comprehensive income, and included staff cost as well as expenses incurred to improve the safety and efficiency of nuclear power operation.

10. TAXATION

	2017	2016
	RMB'000	RMB'000
PRC Enterprise Income Tax ("**EIT**")		
– Current year	**1,336,672**	1,214,548
– Under (over) provision in prior years	**10,778**	(8,907)
	1,347,450	1,205,641
Deferred taxation	**(20,541)**	(552,859)
Taxation	**1,326,909**	652,782

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

深圳中廣核工程設計有限公司 China Nuclear Power Design Co., Ltd. (Shenzhen), 中廣核（北京）仿真技術有限公司 China Nuclear Power (Beijing) Simulation Technology Corporation Ltd., 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 ("**Suzhou Nuclear Power Research Institute**"), 廣東核電合營有限公司 Guangdong Nuclear Power Joint Venture Co, Ltd. ("**GNPJVC**"), 中廣核研究院有限公司China Nuclear Power Technology Research Institute ("**CNPRI**"), Ling'ao Nuclear and 中廣核工程有限公司China Nuclear Power Engineering Co., Ltd. ("**CGN Engineering**") were approved to enjoy the preferential tax rate of 15% in accordance with the relevant EIT laws and regulations for the year ended December 31, 2017 and the year ended December 31, 2016. Lingdong Nuclear was approved to enjoy the preferential tax rate of 15% for the year ended 31 December 2017.

Lingdong Nuclear, Yangjiang Nuclear, Guangxi Fangchenggang Nuclear Power Co., Ltd. ("**Fangchenggang Nuclear**"), 台山核電合營有限公司Taishan Nuclear Power Joint Venture Co., Ltd. ("**Taishan Nuclear**"), 中廣核陸豐核電有限公司 CGN Lufeng Nuclear Power Co., Ltd. ("**Lufeng Nuclear**") and Ningde Nuclear, being enterprises engaged in public infrastructure project, were entitled to tax holiday of three years for EIT followed by 50% exemption for the next three years commencing from their first revenue generating year.

Pursuant to the Supplementary Notice of Tax Benefit Scheme in relation to Public Infrastructure Project《關於公共基礎設施項目享受企業所得稅優惠政策問題的補充通知》 issued in July 2014, the tax authority clarified that for these public infrastructures which were approved as a whole and constructed at batches, the first revenue generating year of public infrastructure project should be based on each batch (such as individual reactor project) instead of the legal entity as a whole.

The first revenue generating year of two reactor projects of Lingdong Nuclear commenced in 2010 and 2011. The tax rate for its two reactors was both 15% for the year ended December 31, 2017; the applicable tax rate for Lingdong Nuclear's first reactor project was 25% and the applicable tax rate for the second reactor project was 12.5% for year ended December 31, 2016.

The first revenue generating year of four reactor projects of Yangjiang Nuclear commenced in 2014, 2015, 2016 and 2017 respectively. The applicable tax rate for Yangjiang Nuclear's first reactor project was 12.5% for the year ended December 31, 2017 while the other three reactor projects were tax exempted. Yangjiang Nuclear's three reactor projects were tax exempted for the years ended December 31, 2016.

As the first revenue generating year of two reactor projects of Fangchenggang Nuclear commenced in 2016, Fangchenggang Nuclear's reactor projects were tax exempted for the years ended December 31, 2017 and 2016.

The first revenue generating year of four reactor projects of Ningde Nuclear commenced in 2013, 2014, 2015 and 2016 respectively. The tax rate for the first and second reactor projects were 12.5% for the year ended December 31, 2017, while the other two reactor projects were tax exempted.

Taishan Nuclear and Lufeng Nuclear have not yet commenced generating electricity nor earned profit at December 31, 2017.

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:

	2017	2016
	RMB'000	RMB'000
Profit before taxation	**13,841,430**	9,577,489
Tax at the applicable tax rate of 25%	**3,460,358**	2,394,372
Tax effect of expenses not deductible for tax purpose	**34,539**	29,737
Tax effect of value-added tax refunds not taxable for tax purpose (note)	**(346,532)**	(325,292)
Tax effect of share of results of associates	**(149,910)**	(134,856)
Tax effect of share of results of joint ventures	**(750)**	(187,781)
Tax effect of tax losses not recognized	**20,441**	127,688
Utilization of tax losses previously not recognized	**(417,992)**	(49,836)
Additional tax benefit on research and development expenses	**(53,269)**	(75,375)
Effect of tax exemption and relief granted to subsidiaries	**(1,724,137)**	(988,985)
Under (over) provision in prior years	**10,778**	(8,907)
Others	**493,383**	(127,983)
	1,326,909	652,782

Note:

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

11. EARNINGS PER SHARE

The basic earnings per share is calculated based on the profit attributable to the owners of the Company and the number of ordinary shares for the year.

	2017	2016
Profit attributable to the owners of the Company (RMB'000)	**9,500,319**	7,286,934
Number of ordinary shares (in million)	**45,449**	45,449
Basic earnings per share (RMB)	**0.209**	0.160

No diluted earnings per share for both 2017 and 2016 were presented as the Group had no potential ordinary share in issue during the years ended December 31, 2017 and 2016.

12. TRADE AND BILLS RECEIVABLES

	December 31, 2017	December 31, 2016
	RMB'000	RMB'000
Amounts due from third parties	**4,461,309**	3,002,320
Less: allowance of doubtful debts	**(34,649)**	(12,381)
	4,426,660	2,989,939
Amount due from ultimate holding company	**4,798**	10,027
Amounts due from joint ventures	**—**	572,617
Amounts due from associates	**1,575,726**	1,149,944
Amounts due from fellow subsidiaries	**176,263**	259,733
Amount due from an associate of CGNPC	**203,843**	203,843
Amount due from a non-controlling interests with significant influence over the relevant subsidiary	**222,636**	538,550
Bills receivables	**38,522**	10,840
Total trade and bills receivables	**6,648,448**	5,735,493

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

	December 31, 2017	December 31, 2016
	RMB'000	RMB'000
1 day to 30 days	**4,861,372**	3,629,857
31 days to 1 year	**659,410**	1,479,394
1 year to 2 years	**628,777**	49,852
2 years to 3 years	**37,969**	515,369
Over 3 years	**460,920**	61,021
	6,648,448	5,735,493

Trade receivables due from third parties and bills receivables of the Group, as well as amount due from a non-controlling interests 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, 2017, except for an amount of RMB34,649,000 (2016: RMB12,381,000) aged above one year which are past due and fully impaired as the recoverability is considered as unlikely, trade receivables due from third parties amounting to RMB4,426,660,000 (2016: RMB2,989,939,000) and the amount due from a non-controlling interests with significant influence over the relevant subsidiary are neither past due nor impaired and have good credit quality assessed by the management of the Group.

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

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

	2017	2016
	RMB'000	RMB'000
At the beginning of the year	**12,381**	8,058
Impairment losses recognized on receivables	**22,268**	4,323
At the end of the year	**34,649**	12,381

The Group pledged trade receivables from grid companies resulting from the pledge of tariff collection rights with carrying amount of approximately RMB3,273,348,000 (2016: RMB1,803,953,000) 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:

	December 31, 2017	December 31, 2016
	RMB'000	RMB'000
USD	**9,679**	1,386
EURO	**7,607**	14,870
	17,286	16,256

13. PREPAYMENTS AND OTHER RECEIVABLES

	December 31, 2017	December 31, 2016
	RMB'000	RMB'000
Value-added tax recoverable	**9,647,659**	7,960,297
Prepayments to third parties for materials and consumable parts	**4,695,851**	4,535,916
Prepayments to fellow subsidiaries for nuclear and other materials	**653,303**	548,626
Prepayments to an associate for materials	**607,791**	470,688
Prepayments for rental expenses	**18,176**	19,482
Others	**159,895**	103,498
	15,782,675	13,638,507
Analyzed for financial reporting purpose:		
Non-current	**6,688,555**	6,277,564
Current	**9,094,120**	7,360,943
	15,782,675	13,638,507

14. TRADE AND OTHER PAYABLES

	December 31, 2017	December 31, 2016
	RMB'000	RMB'000
Amounts due to third parties	**5,004,318**	3,366,347
Amounts due to fellow subsidiaries	**744,328**	619,173
Total trade payables	**5,748,646**	3,985,520
Receipts in advance from ultimate holding company	**17,310**	1,416
Receipts in advance from a joint venture	**—**	118,236
Receipts in advance from associates	**4,458,016**	2,388,069
Receipts in advance from fellow subsidiaries	**24,772**	23,992
Receipts in advance from third parties	**104,914**	51,236
Total receipts in advance	**4,605,012**	2,582,949
Construction payables to third parties	**10,969,640**	10,061,704
Construction payables to fellow subsidiaries	**365,341**	244,280
Construction payables to non-controlling interests with significant influence over subsidiaries	**69,802**	—
Construction payables to ultimate holding company	**13,639**	34,532
Construction payables to associates	**177,483**	224,411
Construction payables to a joint venture	**—**	7,013
Value-added tax and other tax payables	**1,724,456**	1,369,020
Staff cost payables	**37,010**	50,438
Interest on notes payable	**163,972**	228,925
Consideration receipt in advance for assets held for sale	**—**	127,200
Other payables and accruals to third parties	**336,066**	378,875
Total other payables	**13,857,409**	12,726,398
	24,211,067	19,294,867

The credit period on purchases of goods ranges from 180 days to 360 days.

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

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

	December 31, 2017	December 31, 2016
	RMB'000	RMB'000
Within 1 year	**5,748,646**	3,985,520

15. AMOUNTS DUE TO RELATED PARTIES

	December 31, 2017	December 31, 2016
	RMB'000	RMB'000
Dividends payable to non-controlling interests over the subsidiaries	**2,019,586**	1,734,707
Other payable to ultimate holding company	**422,061**	5,996,661
Other payable to a non-controlling interests with significant influence over the relevant subsidiary	**496,889**	224,250
Other payables to fellow subsidiaries	**22,146**	94,790
Other payables to associates	**36,732**	30,443
Other payables to a joint venture	**—**	829
	2,997,414	8,081,680

Saved as the amount of RMB5,536,330,000 payable to ultimate holding company for the acquisition of subsidiaries as at December 31, 2016, which has been repaid as at the year ended December 31, 2017, the remaining amounts are unsecured, interest-free and repayable on demand.

16. LOANS FROM ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES/ AN ASSOCIATE/NON-CONTROLLING INTERESTS

	December 31, 2017	December 31, 2016
	RMB'000	RMB'000
Secured	**3,059,699**	3,221,069
Unsecured	**9,975,057**	8,391,083
	13,034,756	11,612,152

Certain borrowings were secured by land use rights, nuclear facilities and tariff collection right of the Group.

	December 31, 2017	December 31, 2016
	RMB'000	RMB'000
Non-current liabilities		
Loans from fellow subsidiaries repayable after twelve months	**1,750,500**	—
Loans from an associate repayable after twelve months	**3,130,897**	2,989,975
Current liabilities		
Loans from ultimate holding company	**800,000**	1,025,500
Loans from fellow subsidiaries	**1,691,560**	3,651,242
Loans from an associate	**4,405,803**	3,945,435
Loans from non-controlling interests	**1,255,996**	—
	13,034,756	11,612,152

	December 31, 2017	December 31, 2016
	RMB'000	RMB'000
Repayable within one year		
– RMB loans	**7,092,327**	8,278,594
– USD loans	**—**	342,341
– EURO loans	**1,061,032**	1,242
Repayable from one to two years		
– RMB loans	**—**	237,878
– EURO loans	**—**	2,105
Repayable from two to five years		
– RMB loans	**2,050,500**	713,634
– EURO loans	**—**	6,315
Repayable over five years		
– RMB loans	**2,799,430**	2,008,548
– EURO loans	**31,467**	21,495
	13,034,756	11,612,152

In 2016, the Group early repaid loans from an associate and a fellow subsidiary of RMB4,437,006,000 (2017: nil), which are originally repayable after twelve months from the end of the reporting period.

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

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

	December 31, 2017		December 31, 2016	
	RMB'000	**%**	RMB'000	%
Fixed rate loans and payables	**5,049,466**	**4.37**	4,065,500	4.55
Floating rate loans	**7,985,290**	**4.19**	7,546,652	4.78
	13,034,756		11,612,152	

17. PROVISIONS

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

	December 31, 2017 RMB'000	December 31, 2016 RMB'000
Current liability		
Provision for spent fuel management	**1,187,124**	1,060,000
Non-current liabilities		
Provision for low and medium level radioactive waste management	**292,768**	189,126
Provision for nuclear power plant decommissioning	**2,952,098**	2,278,307
	3,244,866	2,467,433
	4,431,990	3,527,433

The movements of provisions are shown as follows:

	Provision for spent fuel management RMB'000	**Provision for low and medium level radioactive waste management RMB'000**	**Provision for nuclear power plant decommissioning RMB'000**	Total RMB'000
At January 1, 2016	834,864	167,605	1,588,127	2,590,596
Additions	1,061,545	14,648	507,675	1,583,868
Interest expense	—	—	131,701	131,701
Paid	(836,409)	—	—	(836,409)
Exchange differences	—	6,873	50,804	57,677
At December 31, 2016	1,060,000	189,126	2,278,307	3,527,433
Additions	1,187,125	96,415	90,550	1,374,090
Interest expense	—	—	182,361	182,361
Increase upon acquisition of subsidiaries	—	14,598	449,871	464,469
Paid	(1,060,001)	—	—	(1,060,001)
Exchange differences	—	(7,371)	(48,991)	(56,362)
At December 31, 2017	1,187,124	292,768	2,952,098	4,431,990

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

Provision for spent fuel management

Pursuant to the Interim Measures for the Administration of the Collection and Use of the Nuclear Power Plant Spent Fuel Treatment and Disposal Fund《核電站乏燃料處理處置基金徵收使用管理暫行辦法》("**Measures**") issued by Ministry of Finance of PRC, National Development and Reform Commission of the PRC ("**NDRC**") and Ministry of Industry and Information Technology of PRC, the Group is required to make contributions to a spent fuel treatment and disposal fund. For generating units that have been in operation for less than five years (inclusive) from the effective date of Measures and those to be established in the future, provisions for spent fuel disposal fund are made starting from the sixth year after they commence operations. Such fund is used by the relevant government authorities for the treatment and disposal of spent fuel, covering transportation, away-from-reactor storage and post-treatment of spent fuel. The management of the Group estimates the amount of provision for spent fuel management by taking into account the regulatory environment and government's policies relating to the storage and disposal of spent fuel fund, as well as the charge imposed by the government authorities, which is at the rate of RMB0.026 per kilowatt hour.

Provision for low and medium level radioactive waste management

This provision covers the expenditure for management and safe disposal of radioactive waste including emission or release of gas and liquid radioactive waste, and production of solid radioactive waste arising from the nuclear power generating activities.

In determining the amount of provision, the management of the Group estimates the quantities and radioactivity of the waste water, waste gas and other solid pollutants discharged and the expenditure required in undergoing different waste treatments and processes such as collection, purification and concentration, volume reduction and solidification, packaging, transportation, temporary storage on-site, and centralized disposal. The management of the Group takes into consideration the industry policies, past experience and recommendation from technical experts in estimating the expenditure required to manage and dispose the radioactive waste.

Provision for nuclear power plant decommissioning

The provision is related to the decommissioning of nuclear power plants and losses relating to fuel in the reactor when the reactor is shut down. They are estimated on the assumption that once decommissioning is completed, the sites will be returned to their original state.

The Group has a team of experts specialized in nuclear power plant decommissioning work. The provision is estimated according to the team's research, which is based on the decommissioning activities and actual cost incurred in shutting down a nuclear facility in other jurisdiction, and adjusted for factors such as labour cost in the PRC, complexity of the technology to be applied, most recent developments in regulations in the PRC environment when estimating the cash flows for the decommissioning.

The relevant costs are estimated based on the economic conditions at the end of each reporting period, then spread over a forecast disbursement schedule of payment through application of a forecast long-term inflation rate.

The key assumptions to the decommissioning model applied by the Group include the discount rate which is a pre-tax rate taking into account the risks specific to the provision and effect of inflation based on the historical inflation rates in the PRC.

In the opinion of management of the Group, the decommissioning is expected to commence from 2034 to 2057 based on the expected useful lives of nuclear power plants.

18. Cash-Settled Share-based Payment

The Group has set up an H-share Appreciation Rights ("**SAR**") Scheme (the "**Scheme**") for core staff who exert significant impact on the Company's strategic target, including certain Directors, senior management (excluding independent non-executive Directors and external Directors) and core technical and management staff of the Company who have exerted direct influence on the overall results and sustainable development of the Company ("**Incentive Recipients**"). SAR was approved at the 2014 annual general meeting of the Company on June 12, 2015. Supervisors of the Company are not Incentive Recipients.

The initial implementation plan of the SAR was approved by the board of the directors on November 5, 2015. Pursuant to the initial scheme, 218,880,000 units of SAR were granted to Incentive Recipients of the Group at the exercise price of HKD3.50 per unit. One third of the total number of SAR are vested and entitled on December 19, 2016, one third of the total number of SAR are vested and entitled on December 18, 2017 and the remaining one third of the total number of SAR are vested and entitled on December 18, 2018.

The secondary implementation plan of the SAR was approved by the Board of the directors on December 14, 2017. Pursuant to the secondary scheme, 568,970,000 units of SAR were granted to Incentive Recipients of the Group at the exercise price of HKD2.09 per unit. One third of the total number of SAR are vested and entitled on December 16, 2019, one third of the total number of SAR are vested and entitled on December 15, 2020 and the remaining one third of the total number of SAR are vested and entitled on December 15, 2021.

Each unit of SAR is notionally linked to one H Share and represents the rights conferred on the relevant Incentive Recipients to receive in cash stipulated earnings from the increase in market value of the relevant H share. However, no H Shares will actually be issued to any Incentive Recipients. Hence, it is not governed by or subject to the restrictions of Chapter 17 of the Listing Rules. The SARs will have certain services periods and 3 years after the respective vesting dates. In addition, the exercise of SAR is also subject to the performance condition of the Group and Incentive Recipients including achievements of certain performance targets.

As at December 31, 2017, the total fair value of SAR settled by the Group amounted to RMB285,200,000 (December 31, 2016: RMB48,992,000), which was calculated using Black-Scholes options valuation model. The inputs into the model were as follows:

	December 31, 2017	December 31, 2016
Share price (in HKD)	**2.12**	2.13
Expected volatility	**35.34%-36.37%**	37.36-37.60%
Expected dividend yield	**2.755%**	2.338%
Initial grant:		
Exercise price (in HKD)	**3.50**	3.50
Expected life	**1.96-3.96 years**	2.96-4.96 years
Risk-free interest rate	**1.285-1.519%**	1.273-1.553%
Fair value (in HKD)	**0.05-0.21**	0.19 - 0.31
Secondary grant:		
Exercise price (in HKD)	**2.09**	N/A
Expected life	**4.95-6.95 years**	N/A
Risk-free interest rate	**1.604-1.693%**	N/A
Fair value (in HKD)	**0.54-0.59**	N/A

Expected volatility was determined with reference to the historical volatility of the Company's and other listed electricity generation companies' share prices. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability exercised restrictions and behavioural considerations.

At December 31, 2017, the Group has recorded liabilities of RMB24,950,000 (December 31, 2016: RMB28,708,000). The Group recognized a total gain of RMB6,590,000 for the year ended December 31, 2017 (2016: a total loss of RMB18,018,000) in relation to SAR approved by the Group.

19. SHARE CAPITAL

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

	Number of domestic shares '000	Number of H Shares '000	Share capital RMB'000
Registered, issued and fully paid ordinary shares of RMB1.00 each at January 1, 2016, December 31, 2016 and 2017	34,285,125	11,163,625	45,448,750

20. DIVIDEND

Subsequent to the end of the reporting period, a final dividend of RMB0.068 per share in respect of the year ended December 31, 2017 amounting to approximately RMB3,090,515,000 in total has been proposed by the Board and is subject to approval by the shareholders in the forthcoming annual general meeting.

During the reporting period, a final dividend of RMB0.051 per share in respect of the year ended December 31, 2016 was declared to the owners of the Company amounting to approximately RMB2,317,845,000 in total, which was approved by the Company's shareholders at the 2016 annual general meeting convened on May 24, 2017. The Company has paid the dividend by July 31, 2017.

21. BUSINESS COMBINATION OTHER THAN INVOLVING ENTITIES UNDER COMMON CONTROL

The Group's subsidiary, 中廣核寧核投資有限公司 CGN Ninghe Investment Co., Ltd. ("**CGN Ninghe Investment**") held 46% equity interest in Ningde Nuclear as a joint venture at December 31, 2016. Ningde Nuclear is engaged in nuclear power generation and sales of nuclear electricity.

CGN Ninghe Investment entered into an agreement with Datang Power in December 2016, to act in concert over the decisions directing the relevant activities of Ningde Nuclear, of which Datang Power will vote in same direction with CGN Ninghe Investment during the shareholders' meetings and board of directors' meetings of Ningde Nuclear. The Group has the ability to direct the relevant activities of Ningde Nuclear. The agreement is effective on January 1, 2017 which is considered as the effective date and the Group obtained effective control over Ningde Nuclear since then.

The business combination is achieved without the transfer of consideration and has been accounted for using the acquisition method. The amount of goodwill arising as a result of the business combination was approximately RMB419,243,000.

Acquisition-related costs have been excluded from the cost of acquisition.

After the business combination, Ningde Nuclear is included in the nuclear power operation and sales of electricity and related technical services segment.

Assets and liabilities recognized at the date of acquisition

	RMB'000
NON-CURRENT ASSETS	
Property, plant and equipment	49,227,894
Intangible assets	234,723
Derivative financial instruments	2,945
Prepayments and value-added tax recoverable	1,086,861
Prepaid lease payments	545,131
Deposits for property, plant and equipment	309,387
	51,406,941
CURRENT ASSETS	
Inventories	4,794,378
Prepaid lease payments	14,385
Trade receivables (note)	1,445,840
Prepayments and other receivables	892,383
Amounts due from the Group	829
Cash and cash equivalents	108,552
	7,256,367
CURRENT LIABILITIES	
Trade and other payables	2,216,608
Amounts due to the Group	641,681
Amounts due to other related parties	756,330
Loans from an associate	1,000,000
Income tax payable	17,049
Bank borrowings - due within one year	3,354,294
Derivative financial instruments	1,078
	7,987,040
NON-CURRENT LIABILITIES	
Bank borrowings - due after one year	37,988,706
Deferred tax liabilities	165,608
Provisions	464,469
Staff cost payables	2,832
	38,621,615
	12,054,653

Assets and liabilities of Ningde Nuclear recognized at the date of acquisition was remeasured at fair value. The fair value is estimated by an independent and professionally qualified valuer using asset based approach.

Note:

The trade receivables acquired with an aggregate fair value of RMB1,445,840,000 have gross contractual amounts of RMB1,445,840,000. The best estimate at the acquisition date of contractual cash flows not expected to be collected was nil.

Goodwill arising on acquisition

	RMB'000
Consideration paid	—
Fair value of previously equity interest held as interest in a joint venture	5,964,383
Plus: non-controlling interests (54%)	6,509,513
Less: fair value of identifiable net assets acquired (100%)	(12,054,653)
Goodwill arising on acquisition	419,243

Net cash inflow arising on acquisition

	RMB'000
Cash consideration	—
Less: cash and cash equivalents acquired	(108,552)
Net cash inflow arising on acquisition	108,552

Goodwill arose on the acquisition of Ningde Nuclear because the cost of the combination included a control premium. In addition, the goodwill included amounts in relation to expected synergies, revenue growth, future market development and the assembled workforce for Ningde Nuclear. These benefits could not be separately recognized from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Non-controlling interests

The non-controlling interest (54%) in Ningde Nuclear recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Ningde Nuclear and amounted to RMB6,509,513,000.

Fair value of equity interest previously held in Ningde Nuclear as at acquisition date

The fair value of Ningde Nuclear, an unlisted company, was estimated by an independent and professionally qualified valuer using present value techniques. The fair value is determined using income approach based on expected cash flows generated by Ningde Nuclear. The calculation uses cash flow projection of Ningde Nuclear from the perspective of market participants, covering a 40-year period at a discount rate of 7.8% per annum. Other key assumptions for the expected cash flows related to the estimation of cash inflows/outflows which include expected sales and gross profit margin. Cash flows and discount rates reflect assumptions that market participants could use when pricing the relevant equity interest.

As at January 1, 2017, the fair value of previously equity interest in Ningde Nuclear held as interest in a joint venture was RMB5,964,383,000, while the book value of previously equity interest in Ningde Nuclear held as interest in a joint venture was RMB4,179,301,000, the difference of RMB1,785,082,000 had been recognized as a gain on remeasurement of previously held interest in a joint venture becoming a subsidiary and included in the "other gain and losses" line item in the consolidated statement of profit or loss and other comprehensive income.

Impact of acquisition on the revenue and results of the Group

The acquisition of Ningde Nuclear had been completed on January 1, 2017. As of December 31, 2017, Ningde Nuclear contributed approximately RMB9,124,022,000 to the Group's revenue and realized profit in aggregate of approximately RMB1,627,723,000.

Finance, Assets and Investment

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

(I) Financial Performance and Analysis

With the consolidation of Ningde Nuclear into the Group's consolidated financial statements since January 1, 2017, profit before taxation of the Group increased by RMB1,785.0 million due to the gain on remeasurement of interest previously held in Ningde Nuclear by the Group. As of December 31, 2017, Ningde Nuclear contributed to the increase in the Group's revenue, profit before taxation, total assets, total liabilities and total equity. The relevant details are set forth in note 21 to the notes to the financial information of this announcement.

KEY FINANCIAL INDICATORS

Item	2017	2016
Indicators of profitability		
EBITDA margin (%)[1]	**60.0**	55.9
Net profit margin (%)[2]	**27.4**	27.1
Indicators of investment returns		
Return on equity attributable to owners of the Company (%)[3]	**15.5**	12.4
Return on total assets (%)[4]	**6.2**	4.9
Indicators of solvency		
Asset-liability ratio (%)[5]	**71.5**	71.5
Debt to equity ratio (%)[6]	**204.1**	195.4
Interest coverage[7]	**2.0**	1.7

Notes:

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

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

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

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

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

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

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

FINANCIAL RESULTS AND ANALYSIS

	For the year ended December 31,			
	2017	2016	**Fluctuations increase/ (decrease)**	**Percentage change increase/ (decrease)**
	RMB'000	RMB'000	RMB'000	%
Revenue	**45,616,454**	32,890,307	12,726,147	38.7
Net foreign exchange losses	**(434,810)**	(528,532)	93,722	17.7
Gain on remeasurement of interest previously held in a joint venture becoming a subsidiary	**1,785,082**	—	1,785,082	N/A
Effects of net foreign exchange losses on profit for the year attributable to owners of the Company	**(213,672)**	(257,143)	43,471	16.9
Effects of gain on remeasurement of interest previously held in a joint venture becoming a subsidiary on profit for the year attributable to owners of the Company	**1,434,393**	—	1,434,393	N/A
Profit for the year attributable to owners of the Company (excluding the effects of net foreign exchange losses and gain on remeasurement of previously held interest in a joint venture becoming a subsidiary)	**8,279,598**	7,544,077	735,521	9.7
Profit for the year attributable to owners of the Company	**9,500,319**	7,286,934	2,213,385	30.4

REVENUE

	For the year ended December 31,			
	2017	2016	**Fluctuations increase/ (decrease)**	**Percentage change increase/ (decrease)**
	RMB'000	RMB'000	RMB'000	%
Sales of electricity [(1)]	**41,543,214**	28,114,633	13,428,581	47.8
Revenue from construction contracts and design projects	**2,680,489**	2,820,090	(139,601)	(5.0)
Revenue from technical and training service[(2)]	**722,427**	1,029,728	(307,301)	(29.8)
Sales of equipment and other goods[(3)]	**670,324**	925,856	(255,532)	(27.6)
Total revenue	**45,616,454**	32,890,307	12,726,147	38.7

(1) The increase in revenue from sales of electricity was primarily due to the increase of 53.36% in our subsidiaries' on-grid power generation during the year compared with 2016, which in turn was mainly caused by the inclusion of Ningde Nuclear in the Group's consolidated financial statements since January 1, 2017, the commencement of commercial operations of Fangchenggang Unit 2 on October 1, 2016, and the commencement of commercial operations of Yangjiang Unit 4 on March 15, 2017.

(2) The decrease in revenue from technical and training service was mainly due to the inclusion of Ningde Nuclear in the Group's consolidated financial statements since January 1, 2017, whereas the revenue of Suzhou Nuclear Power Research Institute, CNPRI, China Nuclear Power Operations Co., Ltd. (中廣核核電運營有限公司) ("**CNOC**"), which are subsidiaries of our Company, from technical service to Ningde Nuclear are no longer recognized as revenue in the Group's consolidated financial statements for 2017.

(3) The decrease in sales of equipment and other goods was primarily due to the fact that the amount for 2016 included the revenue of China Techenergy Co., Ltd.* (北京廣利核系統工程有限公司), and the disposal of equity interest in such company was completed in the second half of 2016.

COST OF SALES AND SERVICES

	For the year ended December 31,			
	2017	2016	**Fluctuations increase/ (decrease)**	**Percentage change increase/ (decrease)**
	RMB'000	RMB'000	RMB'000	%
Cost of sales of electricity	**21,848,822**	14,139,637	7,709,185	54.5
Of which: Cost of nuclear fuel [(1)]	**6,765,809**	4,212,184	2,553,625	60.6
Depreciation of property, plant and equipment [(1)]	**6,263,623**	4,052,283	2,211,340	54.6
Provision for spent fuel management [(2)]	**1,187,125**	1,061,545	125,580	11.8
Cost of construction and design contracts	**2,513,223**	2,499,180	14,043	0.6
Others [(3)]	**1,044,225**	1,457,388	(413,163)	(28.3)
Total cost of sales and services	**25,406,270**	18,096,205	7,310,065	40.4

(1) The increase in cost of nuclear fuel and depreciation of property, plant and equipment was mainly due to the increase of 53.36% in our subsidiaries' on-grid power generation during the year compared with 2016, which in turn was caused by the inclusion of Ningde Nuclear in the Group's consolidated financial statements since January 1, 2017, the commencement of commercial operations of Fangchenggang Unit 2 on October 1, 2016, and the commencement of commercial operations of Yangjiang Unit 4 on March 15, 2017.

(2) The increase in provision for spent fuel management was primarily due to the provision for spent fuel management for Lingdong Unit 2 which has reached 5 years of commercial operation in August 2016.

(3) The decrease in other cost was mainly due to the inclusion of Ningde Nuclear in the Group's consolidated financial statements since January 1, 2017, whereas the cost of Suzhou Nuclear Power Research Institute, CNPRI and, CNOC, the subsidiaries of our Company, incurred for providing Ningde Nuclear with technical service are no longer recognized as other cost in the Group's consolidated financial statements for 2017.

OTHER INCOME

	For the year ended December 31,			
	2017	2016	**Fluctuations increase/ (decrease)**	**Percentage change increase/ (decrease)**
	RMB'000	RMB'000	RMB'000	%
Value-added tax refunds [(1)]	**1,386,129**	1,315,548	70,581	5.4
Interest income from bank deposits	**26,997**	53,407	(26,410)	(49.5)
Interest income from an associate	**179,673**	172,738	6,935	4.0
Government grants [(2)]	**118,535**	79,715	38,820	48.7
Others	**45,373**	36,282	9,091	25.1
Total other income	**1,756,707**	1,657,690	99,017	6.0

(1) The increase in value-added tax refunds was mainly due to the inclusion of Ningde Nuclear in the Group's consolidated financial statements since January 1, 2017, the VAT refund policy of Ling'ao Nuclear Unit 1 being expired in May 2017, and the fact that the process of value-added tax refunds varied as affected by many factors.

(2) The increase in government grants was mainly due to an increase of income from government grants as recognized by technological and research and development projects.

OTHER GAINS AND LOSSES

	For the year ended December 31,			
	2017	2016	**Fluctuations Increase/ (decrease)**	**Percentage change increase/ (decrease)**
	RMB'000	RMB'000	RMB'000	%
Net foreign exchange losses[(1)]	**(434,810)**	(528,532)	93,722	17.7
Gain on remeasurement of interest previously held in a joint venture becoming a subsidiary [(2)]	**1,785,082**	—	1,785,082	N/A
Others	**3,407**	7,999	(4,592)	(57.4)
Other gains and losses	**1,353,679**	(520,533)	1,874,212	360.1

(1) Responding to the needs to procure certain equipment, spare parts and related services for nuclear power projects from overseas market, we held some foreign currency debts, the majority of which refers to the EURO debt owed by Taishan Nuclear, thus the fluctuation in foreign exchange rates of EURO against RMB will affect our profits. As for management policies on the risk of fluctuation in exchange rates, the Company always targets at cost control instead of earnings. In 2017, net foreign exchange losses were RMB434.8 million and the impact on profit for the year attributable to owners of the Company was at loss of RMB213.7 million, mainly due to the fact that the exchange rate of EURO against RMB increased significantly. The exchange rate of EURO against RMB increased from 7.3068 at the end of 2016 to 7.8023 at the end of 2017. For the corresponding period in 2016, net foreign exchange losses were RMB528.5 million and the impact on profit for the year attributable to owners of the Company was at loss of RMB257.1 million, mainly due to the significant appreciation of the exchange rate of EURO against RMB, with the exchange rate increasing from 7.0952 at the end of 2015 to 7.3068 at the end of 2016.

(2) The increase in gain on remeasurement of interest previously held in a joint venture becoming a subsidiary was mainly due to the fact that Ningde Nuclear began to be included in the Group's consolidated financial statements since January 1, 2017, and the difference between the fair value of the equity interest of Ningde Nuclear and the carrying amount of the equity interest of Ningde Nuclear accounted for as a joint venture was recognized as a gain.

SHARE OF RESULTS OF ASSOCIATES

Our associates mainly include Liaoning Hongyanhe Nuclear Power Co., Ltd. (遼寧紅沿河核電有限公司) ("**Hongyanhe Nuclear**"), CGN Industry Investment Fund Phase I Co., Ltd. (中廣核一期產業投資基金有限公司) ("**CGN Fund Phase I**") and CGN Finance Co., Ltd. (中廣核財務有限責任公司). Our share of results of associates increased from RMB539.4 million in 2016 to RMB599.6 million in 2017, primarily due to the increase in profit of Hongyanhe Nuclear for the year as compared with 2016 resulting from the commencement of commercial operation of Hongyanhe Unit 4 on June 8, 2016.

SHARE OF RESULTS OF JOINT VENTURES

As Ningde Nuclear has been changed from a joint venture to a subsidiary on January 1, 2017, our share of results of joint ventures decreased from RMB751.1 million in 2016 to RMB3.0 million in 2017.

FINANCE COSTS

Our finance costs increased from RMB4,083.3 million in 2016 to RMB6,287.2 million in 2017, primarily due to the inclusion of Ningde Nuclear in the Group's consolidated financial statements since January 1, 2017, and the fact that with the commencement of commercial operations of Fangchenggang Unit 2 on October 1, 2016 and the commencement of commercial operations of Yangjiang Unit 4 on March 15, 2017, the corresponding interests on borrowings ceased capitalization and were charged to finance costs directly since the date of commencement of their commercial operations.

FINANCIAL POSITION

	December 31, 2017	December 31, 2016	**Fluctuations increase/ (decrease)**	**Percentage change increase/ (decrease)**
	RMB'000	RMB'000	RMB'000	%
Total assets	**359,526,689**	287,633,794	71,892,895	25.0
Total liabilities	**256,993,552**	205,735,121	51,258,431	24.9
Total equity	**102,533,137**	81,898,673	20,634,464	25.2
Equity attributable to owners of the Company	**65,837,675**	56,534,701	9,302,974	16.5

CURRENT ASSETS

	December 31, 2017	December 31, 2016	**Fluctuations increase/ (decrease)**	**Percentage change increase/ (decrease)**
	RMB'000	RMB'000	RMB'000	%
Inventories [(1)]	**19,738,837**	13,137,983	6,600,854	50.2
Amounts due from customers for contract work [(2)]	**6,819,200**	5,300,838	1,518,362	28.6
Trade and bills receivables [(3)]	**6,648,448**	5,735,493	912,955	15.9
Prepayments and other receivables [(4)]	**9,094,120**	7,360,943	1,733,177	23.5
Amounts due from related parties	**1,619,500**	1,625,292	(5,792)	(0.4)
Cash and cash equivalents [(5)]	**10,315,715**	8,456,534	1,859,181	22.0
Other deposits over three months	**2,023,000**	2,047,000	(24,000)	(1.2)
Other current assets	**110,270**	160,547	(50,277)	(31.3)
Total current assets	**56,369,090**	43,824,630	12,544,460	28.6

(1) The increase in inventories was mainly due to the inclusion of Ningde Nuclear in the Group's consolidated financial statements since January 1, 2017 and the increase in nuclear fuel resulting from the construction progress of the units under construction.

(2) The increase in amounts due from customers for contract work was primarily due to the increase in outstanding payments of completed contract work from Fujian Ningde Second Nuclear Power Co., Ltd. (福建寧德第二核電有限公司) ("**Ningde Second Nuclear**"), Hongyanhe Nuclear, CGN Huizhou Nuclear Power Co., Ltd. (中廣核惠州核電有限公司) etc. by CGN Engineering.

(3) The increase in trade and bills receivables was mainly due to the inclusion of Ningde Nuclear in the Group's consolidated financial statements since January 1, 2017, as well as the increase in our subsidiaries' on-grid power generation during the year compared with 2016, with an increase in receivables from grid companies at the end of the period.

(4) The increase in prepayments and other receivables was mainly due to the inclusion of Ningde Nuclear in the Group's consolidated financial statements since January 1, 2017 and the increase in value-added tax recoverable within one year due to the commencement of commercial operation of new generation units.

(5) The increase in cash and cash equivalents was mainly due to the Company's receipt of RMB5,000 million from the transfer of 17% equity interest in Yangjiang Nuclear in 2017.

CURRENT LIABILITIES

	December 31, 2017	December 31, 2016	**Fluctuations increase/ (decrease)**	**Percentage change increase/ (decrease)**
	RMB'000	RMB'000	RMB'000	%
Trade and other payables [(1)]	**24,211,067**	19,294,867	4,916,200	25.5
Amounts due to customers for contract work	**499,175**	855,926	(356,751)	(41.7)
Amounts due to related parties [(2)]	**2,997,414**	8,081,680	(5,084,266)	(62.9)
Loans from ultimate holding company	**800,000**	1,025,500	(225,500)	(22.0)
Loans from fellow subsidiaries [(3)]	**1,691,560**	3,651,242	(1,959,682)	(53.7)
Loans from an associate	**4,405,803**	3,945,435	460,368	11.7
Loans from non-controlling shareholders [(4)]	**1,255,996**	—	1,255,996	N/A
Bank borrowings - due within one year [(5)]	**21,904,038**	20,806,759	1,097,279	5.3
Notes payable - due within one year [(6)]	**1,000,000**	5,600,000	(4,600,000)	(82.1)
Other current liabilities	**1,889,312**	1,906,254	(16,942)	(0.9)
Total current liabilities	**60,654,365**	65,167,663	(4,513,298)	(6.9)

(1) The increase in trade and other payables was primarily due to the inclusion of Ningde Nuclear in the Group's consolidated financial statements since January 1, 2017, the increase in receipts in advance from associates, the increase in construction payables to third parties and the increase in operating activities such as purchase of raw materials and acceptance of services.

(2) The decrease in amounts due to related parties was mainly due to the payment of the remaining amount regarding the acquisition of equity interest in CGN Engineering, Fangchenggang Nuclear and Lufeng Nuclear to CGNPC during the year.

(3) The decrease of loans from fellow subsidiaries was mainly due to the decrease of loans from 中廣核華盛投資有限公司 CGNPC Huasheng Investment Limited.

(4) The increase in loans from non-controlling shareholders was due to the fact that the non-controlling shareholder of Taishan Nuclear granted shareholder loans to Taishan Nuclear.

(5) The increase in bank borrowings due within one year was mainly due to the inclusion of Ningde Nuclear in the Group's consolidated financial statements since January 1, 2017.

(6) The decrease in notes payable due within one year was mainly due to the repayment of corporate bonds of RMB4,000 million and Taishan Nuclear private placement note (PPN) of RMB1,600 million, as well as notes payable due within one year of RMB1,000 million reclassified from non-current liabilities to current liabilities.

NON-CURRENT ASSETS

	December 31, 2017	December 31, 2016	**Fluctuations increase/ (decrease)**	**Percentage change increase/ (decrease)**
	RMB'000	RMB'000	RMB'000	%
Property, plant and equipment [(1)]	**277,283,783**	216,509,163	60,774,620	28.1
Intangible assets [(2)]	**3,695,173**	3,065,535	629,638	20.5
Goodwill [(3)]	**419,243**	—	419,243	N/A
Interests in associates	**8,346,444**	7,837,967	508,477	6.5
Interests in joint ventures [(4)]	**17,187**	4,199,132	(4,181,945)	(99.6)
Deferred tax assets	**1,551,267**	1,687,249	(135,982)	(8.1)
Prepayments and value-added tax recoverable	**6,688,555**	6,277,564	410,991	6.5
Prepaid lease payments	**3,485,679**	2,959,611	526,068	17.8
Other non-current assets	**1,670,268**	1,272,943	397,325	31.2
Total non-current assets	**303,157,599**	243,809,164	59,348,435	24.3

(1) The increase in property, plant and equipment was mainly due to the inclusion of Ningde Nuclear in the Group's consolidated financial statements since January 1, 2017 and the Company's ongoing constructions of Yangjiang Nuclear Power Station, Taishan Nuclear Power Station, Fangchengang Nuclear Power Station and other projects.

(2) The increase in intangible assets was primarily due to the inclusion of Ningde Nuclear in the Group's consolidated financial statements since January 1, 2017, as well as an increase in the R&D expenses conducted by our subsidiaries.

(3) The increase in goodwill was due to the fact that the Group obtained effective control of Ningde Nuclear on 1 January 2017, assets and liabilities of Ningde Nuclear was remeasured at fair value at the date of acquisition, and goodwill is incurred using the acquisition method.

(4) The decrease in investment in joint ventures was mainly due to the change of Ningde Nuclear from a joint venture to a subsidiary of the Group since January 1, 2017.

NON-CURRENT LIABILITIES

	December 31, 2017	December 31, 2016	**Fluctuations increase/ (decrease)**	**Percentage change increase/ (decrease)**
	RMB'000	RMB'000	RMB'000	%
Borrowings and notes payable [(1)]	**185,626,953**	132,475,608	53,151,345	40.1
Provisions [(2)]	**3,244,866**	2,467,433	777,433	31.5
Loans from an associate	**3,130,897**	2,989,975	140,922	4.7
Loans from fellow subsidiaries [(3)]	**1,750,500**	—	1,750,500	N/A
Other non-current liabilities	**2,585,971**	2,634,442	(48,471)	(1.8)
Total non-current liabilities	**196,339,187**	140,567,458	55,771,729	39.7

(1) The increase in borrowings and notes payable was mainly due to the inclusion of Ningde Nuclear in the Group's consolidated financial statements since January 1, 2017 and the increased borrowings resulted from our ongoing constructions of Yangjiang Nuclear Power Station, Taishan Nuclear Power Station and Fangchengang Nuclear Power Station.

(2) The increase in provisions was mainly due to the increase in provision for nuclear power units decommissioning resulting from the inclusion of Ningde Nuclear in the Group's consolidated financial statements since January 1, 2017 and the commencement of commercial operation of Yangjiang Unit 4 on March 15, 2017.

(3) The increase in loans from fellow subsidiaries was mainly due to the increase in loans from CGNPC International Financial Leasing Co., Ltd. and Shenzhen Zhaoyinbailu Investment Partnership (深圳招銀白鷺投資合夥企業).

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

As of December 31, 2017, equity attributable to owners of the Company amounted to RMB65,837.7 million, representing an increase of RMB9,303.0 million or 16.5% as compared with RMB56,534.7 million as of December 31, 2016, primarily due to (i) settlement for the transfer of 17% equity interests in Yangjiang Nuclear in December 2017, which increased equity attributable to owners of the Company by RMB2,549.1 million; (ii) our cash dividend declared in 2017 resulted in a decrease in equity attributable to owners of the Company of RMB2,317.8 million; and (iii) total comprehensive income attributable to owners of the Company amounted to RMB9,061.1 million in 2017.

(II) Assets and Investment

Save for the acquisition, the Group was mainly engaged in the investment in construction of nuclear power generating units, technical improvement in the nuclear power stations in operation, and research and development of technologies related to nuclear power for the year ended December 31, 2017.

INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2017, our investment in property, plant and equipment amounted to approximately RMB18,825.3 million, representing a decrease of RMB3,032.1 million or 13.9% from RMB21,857.4 million in 2016, mainly due to the decrease in capital expenditure arising from the commercial operations of Yangjiang Unit 4 and Fangchenggang Unit 2.

MAJOR INVESTMENTS IN EQUITY

For the year ended December 31, 2017, the Group increased its capital contribution in joint ventures in the sum of RMB498.7 million, of which amounts of RMB379.8 million, RMB63.6 million and RMB55.3 million were made to Hongyanhe Nuclear, Ningde Second Nuclear and CGN Fund Phase I, respectively.

MAJOR ACQUISITION AND DISPOSAL

During the year ended December 31, 2017, Suzhou Nuclear Power Research Institute, a wholly-owned subsidiary of the Company, completed the disposal of 90% equity interest in 南京新蘇熱電有限公司 Nanjing Xinsu Thermoelectricity Co., Ltd. ("**Xinsu Thermoelectricity**"), an indirect subsidiary of the Group. Upon completion of the disposal, Nanjing Xinsu Thermoelectricity ceased to be a subsidiary of the Group.

On November 30, 2016, the Company and 廣東核電投資有限公司 Guangdong Nuclear Investment Co., Ltd. ("**GNIC**"), a wholly-owned subsidiary of the Company, entered into a conditional equity transfer agreement with 中電核電 (陽江) 有限公司 CLP Nuclear Power (Yangjiang) Limited to transfer 17% equity interest in Yangjiang Nuclear to CLP Nuclear Power (Yangjiang) Limited. Upon completion of the disposal, Yangjiang Nuclear will remain subsidiary of the Group. For the year ended December 31, 2017, the disposal was completed.

In order to further develop the financing channels for the constructions of the Company's units and improve the capital structure, the Company entered into an investment agreement with 深圳國同清潔能源合夥企業 Shenzhen Guotong Clean Energy Partners Corporation (Limited Partnership) ("**Shenzhen Guotong**") on December 29, 2017, pursuant to which the Company and Shenzhen Guotong proposed to establish a joint venture to hold 61% equity interest in Fangchenggang Nuclear, a subsidiary of the Company. The Company and Shenzhen Guotong shall hold 60% and 40% equity interest in the joint venture, respectively. Upon completion of the establishment of the joint venture (the joint venture was established on January 10, 2018), both the joint venture and Fangchenggang Nuclear will be the subsidiaries of the Company and their financial results will be consolidated into the consolidated financial statements of the Group.

Saved for the disposal projects disclosed above, the Group had no other material acquisition or disposal for the year ended December 31, 2017.

USE OF PROCEEDS

The Company issued 10,148,750,000 H shares by way of global offering in December 2014 with net proceeds of RMB21,603.5 million (in equivalent) from the offering after deducting various issuance costs. As of December 31, 2017, the Company had used RMB20,294.6 million of the net proceeds for the purposes as set out in the Prospectus, representing 93.9% of the net proceeds from the offering

Item	**Movements** RMB'000
Net proceeds from the Listing	21,603,535
Less: Proceeds used	20,294,576
Among which:	
Acquisition of 60% of the equity interests in Taishan Nuclear Power Industry Investment Co., Ltd. and 12.5% of the equity interests in Taishan Nuclear	9,700,196
Capital expenditure for nuclear power stations under construction	8,714,300
Research and development activities	546,680
Replenishment of working capital	1,333,400
Proceeds unused as at December 31, 2017	1,308,959

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

CONTINGENCIES

EXTERNAL GUARANTEES

The Group confirmed that for the year ended December 31, 2017, the Group had not provided any external guarantee.

PLEDGE OF ASSETS

As of December 31, 2017, the Group's assets (mainly property, plant and equipment) of RMB19,240.3 million in carrying value were pledged to banks and related parties to secure loans for the Group. As of December 31, 2016, the carrying value of the Group's assets pledged to banks and related parties was RMB23,175.4 million.

As of December 31, 2017 and 2016, the electricity tariff collection rights of Ling'ao Nuclear, Lingdong Nuclear, Yangjiang Nuclear, Ningde Nuclear, Fangchenggang Nuclear and Taishan Nuclear were pledged to secure the banking facilities, loans from banks and related parties.

LEGAL PROCEEDINGS

For the year ended December 31, 2017, neither was there significant litigation, nor was the Group aware of any pending or threatened litigation against the Group which had or could have a material and adverse effect on the financial conditions or operations of the Group.

INVESTMENT DIRECTION

Based on the strategies and business development needs of the Company, the Company will finance the construction of nuclear power stations under construction according to investment schedules, continue to fund the technology improvement in nuclear power stations in operation, make continuous investment in the research, development and innovation of technologies, and fund the acquisitions of contingent assets in 2018. In addition, the Company will also carry out relevant investment activities at appropriate time by exercising its rights to acquire retained businesses as set out in the non-competition deed entered into between the Company and CGNPC, thereby laying a solid foundation for the Company's future development.

Business Performance and Outlook

(I) Industry Overview

On October 18, 2017, the 19th National Congress of the Communist Party of China (the "**19th National Congress**") was convened. Xi Jinping delivered a report to the General Assembly on behalf of the 18th Communist Party of China Central Committee (the "**19th Congress Report**"). In the 19th Congress Report, it was proposed to speed up green development, expand the clean energy industry, so as to build a clean, low-carbon, safe and efficient energy system. After the 19th National Congress was held, the ministries and commissions of the State as well as the local governments acted swiftly to deploy and implement the principles of the 19th National Congress.

In the Central Economic Work Conference held on December 18, 2017, it was also proposed that China should win tough battles over pollution prevention and control in the coming three years. At the 2018 National Energy Work Conference held on December 26, 2017, it was proposed that efforts should be made to build a clean and low-carbon green industrial system, which could effectively implement clean low-carbon, safe and efficient requirements of energy development in all fields and the entire process. This would then promote China to achieve new progress in deploying high-quality development with respect to energy.

The Chinese government always adheres to the principles of safe and efficient development in nuclear power. There had been no change in the mid to long-term targets on the development of nuclear power that had been released in recent years. In our opinion, as a safe, stable and clean source of energy, nuclear power can play important roles in building a clean and low-carbon energy system and pollution prevention and controls in China. The nuclear power industry is still in its stage of strategic development. In February 2017, the NDRC and the National Energy Administration jointly released the Provisional Measures for Nuclear Power Offtake under the Condition of Securing Nuclear Safety, which ensured the basic principles of safeguarding nuclear power consumption as "ensuring safety, priority access to the grid, guaranteed volume, balance of interests". This had provided policy guarantee to the consumption of power generated by the nuclear power units.

In 2017, the economy of China grew steadily and was better than expected. According to the data released by the National Bureau of Statistics on January 18, 2018, gross domestic product (GDP) increased by 6.9% over the same period of previous year, an increase of 0.2 percentage points over the same period of previous year. The rebound in economic growth brought about a rebound in the growth of electricity consumption in the whole society. According to the "Analysis and Forecast Report on the Situation of Electricity Supply and Demand in China 2017-2018" as prepared by the China Electricity Council, the electricity consumption in China increased by 6.6% in 2017 over the same period of previous year, an increase of 1.6 percentage point over the same period of previous year. At the same time, the scale of China's installed power generation capacity increased by 7.6% as compared with the same period of previous year, which was 0.6 percentage points lower than the same period of previous year. As the increase in installed capacity of power generation in China was still higher than the increase of electricity consumption in China, the supply and demand of power throughout the country was still at ease. With the steady development of China's economy, we believe that it will take some time to change the slight oversupply condition. However, the oversupply condition is set to be gradually improving across the country starting from 2018.

In 2017, the national average utilization hours of nuclear power was 7,108 hours, representing a year-on-year increase of 48 hours. Due to the low proportion of nuclear power in the energy structure, and leveraging on the national policy on support to clean energy, the utilization rates of nuclear power maintained a relatively high level.

	Ratio of installed capacity by type of energy (%)		**Ratio of generation capacity by type of energy (%)**		**Average utilization hours (hours)**	
	2017	2016	**2017**	2016	**2017**	2016
Nuclear power	**2.0**	2.0	**3.9**	3.5	**7,108**	7,060
Thermal power	**62.2**	64.2	**70.9**	71.8	**4,209**	4,186
Hydropower	**19.2**	20.0	**18.6**	19.5	**3,579**	3,619
Wind power	**9.2**	9.0	**4.8**	4.0	**1,948**	1,745

Note: Data from 2017 National Power Industry Statistics List of China Electricity Council.

In 2017, with the further reforms in the national power system, the trading mechanisms of electricity market were further improved. The share of electricity traded in various markets further expanded. Except for Guangdong Province, all of our nuclear power bases in other provinces participated in market transactions at the local market. The volume of electricity traded in the market increased as compared with 2016. With the orderly reform of the national power system, the original planned power consumption mode was gradually liberalized. The general trend is that the share of market transactions in the electricity market is expected to be gradually expanding.

(II) Business Performance and Analysis

As of the end of 2017, we managed 20 nuclear power generating units in operation and 8 nuclear power generating units under construction. During the year, we had 1 new nuclear power generating unit commencing commercial operation, namely Yangjiang Unit 4.

As of December 31, 2017, the number and capacity of nuclear power generating units in operation and nuclear power generating units under construction are as follows:

		As at December 31, 2017	As at December 31, 2016	**Growth rate**
Nuclear power generating units in operation	Number	**20**	19	5.26%
	Capacity	**21,470 MW**	20,384 MW	5.33%
Nuclear power generating units under construction	Number	**8**	9	-11.11%
	Capacity	**10,270 MW**	11,356 MW	-9.56%

We will introduce and analyse the Company's business performance in 2017 in respect of safety management, generating units in operation, generating units under construction, sales of electricity and lean management.

Safety Management

We place nuclear safety at our top priority. We always adhere to the principles of "Nuclear Safety is Paramount" and "Safety First". These principles apply to various stages of design, construction, operation and decommissioning of the nuclear power stations.

Based on our experience in nuclear power operation over the years, we have established a mature safety management system. The Company has set up the Nuclear Safety Committee of the Board, the Nuclear Safety Committee of the Company and other organizations to discuss and make decisions in relation to the Company's important nuclear safety issues. In 2017, the Company's safety management system operated smoothly and the safety management level of the Company increased.

As the primary law governing the basic system of safety management, the Nuclear Safety Law of the People's Republic of China (the "**Nuclear Safety Law**") was passed on September 1, 2017, which became effective on January 1, 2018. The Nuclear Safety Law implemented the overall concept of national security and established a standard system of high and strict nuclear safety. This provided a solid legal guarantee for the long term safety and healthy development of nuclear energy. Since the enactment of the Nuclear Safety Law, a variety of learning activities had been organized within the Group. The Company has always insisted that nuclear safety is the bedrock of the nuclear industry for many years. Subsequently we will strictly adhere to the requirements of the Nuclear Safety Law. We will continuously improve the nuclear safety management system, and to enhance the standards and capabilities of nuclear safety management. This will ensure the safe and stable operation of the nuclear power generation units and the safe construction of nuclear power generation units under construction.

Emphasizing the building of nuclear safety culture

The Company always places great emphasis to establish the culture of nuclear safety. We are always committed to adhere to the principles of "Nuclear Safety is Paramount", "Safety First, Quality Foremost, Pursuing Excellence", "Doing Things Right in One Go", "Compliance with Procedures, Honesty and Transparency, Constant Improvement" and "Serving as a Model, Take the Lead and Being People-based" to jointly promote the continuous enhancement of the Company's safety management level.

We continued to consolidate the roles of leaders. On April 20, 2017, the Company organized the "Forum on Nuclear Safety Management Enhancement" with the topic of "practically strengthening (nuclear) safety management and thoroughly eliminating (nuclear) safety risks - putting safety truly in place". During the forum, responsible persons of departments of the Company and responsible persons of subsidiaries and associates of the Group reviewed the typical nuclear incidents which took place inside and outside of the Group. By focusing on "Enhancing Safety Management of Nuclear Power", they engaged into in-depth discussions, and deeply reflected on the Group's problems and shortcomings in (nuclear) safety management. This had come to a consensus on the objectives of nuclear safety management in future.

In 2016, the Company launched the "Onsite Management" activities, requiring the management of each level to go into the site of working level to stay close with front-line staff and timely identify and solve the management problems at the working level so as to enhance work efficiency and promote the Company's safety management level. In 2017, the Company continued to carry out this activity. Under the leadership of managers at all levels, the awareness of nuclear safety and culture among all staff were strengthened. Adherence to "Compliance with Procedures" is one of the principles of the Company's nuclear safety culture. Through analysis, we found out employees' failure to strictly adhere to the procedures, was one of the issues for onsite safety management. We continued to carry out special activities on the theme of "Observing Nuclear Safety from Compliance of Procedures", which promoted employees at all levels to strengthen their reverence towards the procedures, and to form the atmosphere of strictly adhering to the procedures so as to continuously enhance the safety culture awareness among the staff.

In addition, we conducted a routine precautionary education campaign on nuclear safety culture every year, so as to enhance the safety culture awareness of all employees.

Enhancing Internal and External Supervision

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

In 2017, we continued to dedicate our efforts in improving the system and enhanced our capabilities. Based on external feedback and as combined with practices of the Company, we revised the relevant mechanisms of nuclear safety management and established an independent nuclear safety supervision program to further standardize the independent supervision of nuclear safety. Training courses for the development of capabilities in supervisory personnel for nuclear safety as well as further training courses were developed. The rationale, methodologies and technical capabilities of the independent supervisory staff were thus enhanced.

We continuously adhered to the strategy of synchronizing the work of nuclear safety supervising officers and operation personnel to ensure the presence of 24-hour nuclear safety supervision and conduct real time monitoring of nuclear safety status of generating units, thereby effectively ensuring the safety operation of generating units.

Apart from internal supervision, we also receive independent supervision performed by the National Nuclear Safety Administration (the "**NNSA**") and other authorities. In 2017, we received an aggregate of 14 regular safety inspections from the NNSA and all results of which complied with the regulatory requirements. Details of the major inspection are as follows:

Base or Nuclear Power Station	**Major inspection item**	**Total number of inspections**
Daya Bay Base (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station)	The control point nuclear safety inspection before criticality after the outage for generating units	4
Yangjiang Nuclear Power Station	Nuclear safety inspection at critical control point after unit outage, nuclear safety inspection at 90% of rated power (thermal) control point of Yangjiang Unit 4	4
Fangchenggang Nuclear Power Station	Nuclear safety inspection before critical control point after unit outage	2
Ningde Nuclear Power Station	Nuclear safety inspection before critical control point after unit outage	3
Hongyanhe Nuclear Power Station	Hongyanhe Units 1-4 quality assurance nuclear safety inspection	1

In 2017, apart from the routine inspection by the NNSA, we also received nuclear safety inspection by external regulatory organizations such as the NNSA and the Nuclear and Radiation Safety Supervision Stations from time to time and all results of which complied with the regulatory requirements.

The Chinese government has placed much emphasis on the development of nuclear power safety, To further strengthen the safety management of nuclear power, the NDRC, the National Energy Administration, the Ministry of Environmental Protection and the State Administration of Science, Technology and Industry for National Defence jointly organized the special campaign (the "**Special Campaign**") named "Year of Enhancing Nuclear Safety Management" in 2017. Such Special Campaign was divided into three phases, namely, self-examination by the enterprises, supervision and inspection by the departments as well as improvement and conclusion. The scope of inspection included existing nuclear power units in operation and under construction throughout the country, including 13 nuclear power bases with 56 units. On the basis of honesty and transparency, we humbly learnt and positively cooperated with the inspection team for conducting examination work. Inspection team commenced inspection from the emergency defense, engineering management, quality management, operational specifications, nuclear and radiation safety. At the same time, the inspection team also raised the issues for improvement. We had developed specific rectification plans and tracked the implementation.

In order to continuously improve our standard of nuclear safety management, we regularly receive and invite international peers to conduct safety assessments on our nuclear power stations. In 2017, the World Association of Nuclear Operators ("**WANO**") conducted peer reviews for Hongyanhe Nuclear, Yangjiang Nuclear, Ningde Nuclear and Taishan Nuclear. During the review period, we proactively cooperated with experts with an open mind. We paid attention to the problems found and the analysis on their deep-rooted reasons, and sought for directions to improve nuclear safety management. At the same time, in view of the issues found in the assessment and the areas for improvement, we formulated a detailed rectification plan and tracked its implementation.

Establishing a full-cycle feedback system

The feedback system of nuclear power stations is an important component of the management of nuclear power stations, which can effectively prevent the recurrence of the events and promote continuous improvement. The Company actively promoted the establishment of full-cycle feedback system covering the design, construction, operation and decommissioning phases and improved the relevant systems.

The Company has established a transparent event reporting system, requiring all staff to follow the Company's internal management system and actively report any deviation during daily operation. Therefore, deviations and hazards can be identified earlier and handled in a timely manner, thereby events which may have a material effect on nuclear safety can be prevented.

In the short run, isolated equipment defects in industrial systems are subject to contingency, and so do operational events in the context of nuclear power station. The new operating units need certain time to identify the possible deviations and potential problems. The Company makes judgment on the level of operational event according to the International Nuclear and Radiological Event Scale (《國際核事件分級表》) (the "**INES**") set by the International Atomic Energy Agency ("**IAEA**"). In respect of the operational event occurred, we will immediately analyze, discuss and share the experience among all the nuclear power stations in a timely manner. In respect of abnormality happened in the past and deviations identified, the Company would analyse again according to the principles of the internal supervision and selfinspection activities. In respect of deviations and incidents, we adhere to the principle of "Honesty and Transparency" to report to the national regulatory authority, enhance analysis and reflection on the reasons, conduct feedback practice and safety culture re-education among all the staff of the Group to prevent recurrence of the incidents in other generating units and timely revise and refine our policies and procedures.

According to the INES set by IAEA, the nuclear power stations we operated and managed have maintained our all-time good safety record of no nuclear event at level 2 or above in 2017.

In 2017, the number of operational events of our nuclear power generating units in operation are as follows:

	Number of Operational Events	
Base or Nuclear Power Station	**As of December 31, 2017**	As of December 31, 2016
Daya Bay Base (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station)	**0**	6
Yangjiang Nuclear Power Station	**5**	7
Fangchenggang Nuclear Power Station	**2**	3
Ningde Nuclear Power Station	**7**	17
Hongyanhe Nuclear Power Station	**2**	5

According to the INES of the IAEA, as of December 31, 2017, no operational events at level 1 or above occurred in the 20 nuclear generating units we operated and managed, and a total of 16 deviations without safety significance (below scale/Level 0) occurred..

Note: Nuclear incidents are classified into seven levels in the INES according to their impact on (i) people and the environment, (ii) radiological barriers and control, and (iii) defence-in-depth. Level 1 to Level 3 are referred to termed as "incident," while Level 4 to Level 7 are termed to as "accidents." Events without safety significance are classified as "below scale/Level 0".

Optimising nuclear emergency response system

According to the Company's management strategy, we have established a complete nuclear emergency response and handling system. Meanwhile, to ensure effective operation of the system, we conduct training and emergency drills on different scales every year as planned to ensure quick responses to any emergency. Meanwhile, to effectively ensure rapid handling of emergency in nuclear power stations, we consolidate our resources for emergency in each nuclear power base of the Group to achieve emergency support among the bases.

In 2017, we continued to optimize and improve the nuclear emergency response system, and further implemented various emergency to improve and enhance emergency system construction, emergency infrastructure construction, emergency response capacity maintenance, emergency science education and publicity.

Each year, we tested the effectiveness of our nuclear emergency and response system through different levels of emergency exercises. On December 21, 2017, we held the "Annual On-site Nuclear Accident Comprehensive Emergency Response Exercise for Yangjiang Nuclear Power Plant 2017" jointly organized by the Company and Yangjiang Nuclear. In addition to simulating accidents occurred at the generating unit, the exercise also included scenarios such as operations proposed for improvement actions after the Fukushima nuclear accident (water injection by mobile pump), monitoring of marine environment and preventive evacuation of non-emergency responders. Competent authorities of state nuclear safety regulation, Guangdong Provincial Environmental Protection Agency, Yangjiang City Environmental Protection Agency observed the exercise onsite. This exercise comprehensively tested the preparation and responsiveness of Yangjiang Nuclear. The purpose of the exercise had been met and had been recognized by external regulatory agencies.

Nuclear Power Generating Units in Operation

In 2017, all nuclear power generating units in operation managed by us maintained safe and stable operation, including Yangjiang Unit 4 which has commenced commercial operation, with a total annual on-grid power generation of 137,734.87 GWh, representing a year-on-year increase of 19.16% as compared with that of 2016.

Among which, the total annual on-grid power generation from nuclear power stations managed by our subsidiaries (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station, Lingdong Nuclear Power Station, Yangjiang Nuclear Power Station, Ningde Nuclear Power Station and Fangchenggang Nuclear Power Station) amounted to 115,872.70 GWh, representing a year-on-year increase of 18.37% as compared with that of 2016. The total annual on-grid power generation from nuclear power stations managed by our associates (Hongyanhe Nuclear Power Station) amounted to 21,862.17 GWh, representing a year-on-year increase of 23.58% as compared with that of 2016.

Name of nuclear power station	**On-grid power generation from January to December 2017 (GWh)**	On-grid power generation from January to December 2016 (GWh)	**Change rate for the same period (%)**
From subsidiaries	**115,872.70**	97,892.54	18.37
Daya Bay Nuclear Power Station	**15,720.17**	14,526.04	8.22
Ling'ao Nuclear Power Station	**14,741.28**	15,222.19	-3.16
Lingdong Nuclear Power Station	**15,197.19**	15,210.66	-0.09
Ningde Nuclear Power Station [1]	**28,469.37**	22,336.44	27.46
Yangjiang Nuclear Power Station [2]	**29,962.65**	21,583.11	38.82
Fangchenggang Nuclear Power Station [3]	**11,782.05**	9,014.11	30.71
From associates			
Hongyanhe Nuclear Power Station [4]	**21,862.17**	17,691.03	23.58
Subsidiaries and associates, total	**137,734.87**	115,583.57	19.16

Notes:

1. Ningde Nuclear has been changed from a joint venture of the Group to a subsidiary of the Group since January 1, 2017. Ningde Nuclear owns Ningde Nuclear Power Station. For the purpose of business comparison, the operating data of Ningde Nuclear for the corresponding period in 2016 is considered as the data of a subsidiary. On-grid power generation of Ningde Nuclear Power Station increased by 27.46% for the same period. Ningde Unit 4 commenced commercial operation on July 21, 2016. For details of other factors affecting the on-grid power generation, please refer to the analysis in the chapter headed "Operation Performance".

2 On-grid power generation of Yangjiang Nuclear Power Station increased by 38.82% for the same period. Yangjiang Unit 4 commenced commercial operation on March 15, 2017. For details of other factors affecting the on-grid power generation, please refer to the analysis in the chapter headed "Operation Performance".

3 On-grid power generation of Fangchenggang Nuclear Power Station increased by 30.71% for the same period. Fangchenggang Unit 2 commenced commercial operation on October 1, 2016.

4 On-grid power generation of Hongyanhe Nuclear Power Station increased by 23.58% for the same period. Hongyanhe Unit 3 commenced commercial operation on June 8, 2016.

Operation Performance

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

In 2017, we had 20 nuclear power generating units in operation, with an average capacity factor of 89.59%, an average load factor of 79.31% and average utilization hours of 6,906 hours, as compared with 90.31%, 77.45% and 6,673 hours of the 18 nuclear power generating units (excluding

Fangchenggang Unit 2) in operation in 2016. The details of the operation performance of generating units we operated and managed in 2017 are as follows:

	Capacity factor (%)		**Load factor (%)**		**Utilization hours (hours)**	
Nuclear power station	**2017**	2016	**2017**	2016	**2017**	2016
From subsidiaries						
Daya Bay Unit 1[1]	**99.98**	86.58	**101.23**	87.48	**8,869**	7,685
Daya Bay Unit 2[2]	**88.74**	87.42	**89.41**	88.05	**7,834**	7,736
Ling'ao Unit 1[3]	**89.15**	99.81	**84.59**	99.11	**7,408**	8,703
Ling'ao Unit 2[4]	**96.32**	88.65	**93.22**	83.94	**8,164**	7,371
Lingdong Unit 1[5]	**86.99**	91.62	**84.19**	89.23	**7,369**	7,831
Lingdong Unit 2[6]	**91.33**	87.84	**85.97**	80.72	**7,525**	7,084
Yangjiang Unit 1[7]	**99.61**	81.56	**97.10**	79.16	**8,506**	6,953
Yangjiang Unit 2[8]	**87.97**	77.68	**84.17**	77.29	**7,373**	6,789
Yangjiang Unit 3[9]	**86.49**	91.24	**83.00**	85.11	**7,271**	7,476
Yangjiang Unit 4[10]		Under		Under		Under
	90.00	Construction	**89.41**	Construction	**7,832**	Construction
Fangchenggang Unit 1[11]	**76.19**	99.02	**59.05**	81.21	**5,172**	7,133
Fangchenggang Unit 2[12]	**80.70**	—	**74.25**	84.13	**6,505**	7,389
Ningde Unit 1[13]	**83.66**	98.13	**79.86**	76.44	**6,996**	6,714
Ningde Unit 2[14]	**98.80**	86.38	**91.11**	65.46	**7,981**	5,750
Ningde Unit 3[15]	**95.62**	80.08	**88.20**	68.91	**7,726**	6,053
Ningde Unit 4[16]	**84.38**	99.98	**60.63**	92.47	**5,311**	8,122
From associates						
Hongyanhe Unit 1[17]	**88.92**	87.19	**79.41**	66.36	**6,957**	5,827
Hongyanhe Unit 2[18]	**98.08**	87.49	**63.77**	57.56	**5,586**	5,056
Hongyanhe Unit 3[19]	**83.07**	94.90	**61.46**	59.90	**5,384**	5,262
Hongyanhe Unit 4[20]	**85.76**	99.98	**36.14**	49.02	**3,166**	1,926

Notes:

1. Daya Bay Unit 1 did not conduct any refuelling outage in 2017 and completed a refuelling outage in 2016.

2. Daya Bay Unit 2 completed a refuelling outage in 2017 and refuelling outage duration is shorter in 2017 compared with 2016.

3. Ling'ao Unit 1 completed a refuelling outage in 2017 and did not conduct any refuelling outage in 2016.

4. Ling'ao Unit 2 did not conduct any refuelling outage in 2017 and completed a refuelling outage in 2016.

5. Lingdong Unit 1 completed a refuelling outage in 2017 and refuelling outage duration is longer in 2017 compared with 2016.

6. Lingdong Unit 2 completed a refuelling outage in 2017 and refuelling outage duration is shorter in 2017 compared with 2016.

7. Yangjiang Unit 1 did not conduct any refuelling outage in 2017 and completed a refuelling outage in 2016.

8. Yangjiang Unit 2 completed a refuelling outage in 2017 and refuelling outage duration is shorter in 2017 compared with 2016.

9. Yangjiang Unit 3 completed the initial outage after commencement of operation in 2017 and its duration was longer, being similar to that of a 10-year outage.

10. Yangjiang Unit 4 commenced its commercial operation on March 15, 2017.

11. Fanggangcheng Unit 1 completed the initial outage after commencement of operation in 2017 and its duration was longer, being similar to that of a 10-year outage.

12. Fanggangcheng Unit 2 completed the initial outage after commencement of operation in 2017 and its duration was longer, being similar to that of a 10-year outage. Fangchenggang Unit 2 commenced its commercial operation on October 1, 2016. According to the requirements for indicators calculation by WANO, since Fangchenggang Unit 2 did not operate for one quarter, it was excluded from the indicators (such as capacity factor) calculation by WANO in 2016. (for example, capacity factor)

13. Ningde Unit 1 completed a refuelling outage in 2017 and did not conduct any refuelling outage in 2016.

14. Ningde Unit 2 did not conduct any refuelling outage in 2017 and completed a refuelling outage in 2016.

15. Ningde Unit 3 conducted a refuelling outage in 2017 and completed in January 2018. Refuelling outage duration is shorter in 2017 compared with 2016.

16. Ningde Unit 4 completed the initial outage after commencement of operation in 2017 and its duration was longer, being similar to that of a 10-year outage.

17. Hongyanhe Unit 1 completed a refuelling outage in 2017 and refuelling outage duration is flat in 2017 compared with 2016.

18. Hongyanhe Unit 2 did not conduct any new refuelling outage in 2017. The refuelling outages implemented in 2016 were completed in January 2017 and refuelling outage duration is shorter in 2017 compared with 2016.

19. Hongyanhe Unit 3 completed the initial outage after commencement of operation in 2017 and its duration was longer, being similar to that of a 10-year outage.

20. Hongyanhe Unit 4 commenced its commercial operation on June 8, 2016.

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

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

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

In 2017, we successfully conducted 13 refuelling outages, excluding the refuelling outages conducted from 2016 over to 2017, and completed 12 refuelling outages during the year including 5 initial outages. Another one refuelling outage conducted over to the next year was completed in January 2018.

In 2017, the total aggregate number of calendar days for refuelling outages was 600 days, including calendar days over to the next year.

Note: In 2016, we carried out a total of 12 refuelling outages for the 19 units in operation managed by us, including 2 first outages, each of which is equivalent to a 10-year outage, and the total number of calendar days for refuelling outages was approximately 575 days.

We continue to implement benchmarking with international counterparts. When compared with the one-year benchmark value of 12 performance indicators for the PWR set by WANO in 2016, among a total of 240 WANO performance indicators of our 20 nuclear power generating units in operation, 177 indicators (73.75%) achieved the world's top 1/4 level and 164 indicators (68.33%) achieved the world's top 1/10 level.

Note: For the same period in last year, among our 18 nuclear power generating units in operation (excluding Fangchenggang Unit 2), 72.2% of the indicators achieved the world's top 1/4 level performance, and 63.9% of the indicators achieved the world's top 1/10 level.

Environmental Performance

We continued to improve radioactive waste management, optimize emissions discharge process and strictly comply with emission control standards. In 2017, the radioactive waste management of the 20 generating units in operation managed by us has strictly complied with the national laws and regulations, and has met the standards of the relevant technical specifications.

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

	Daya Bay Base Area (including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station)		**Yangjiang Nuclear Power Station**		**Fangchenggang Nuclear Power Station**		**Ningde Nuclear Power Station**		**Hongyanhe Nuclear Power Station**	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Discharged liquid radioactive waste (radionuclides other than tritium) as a percentage of the national standards	**0.47%**	0.170%	**0.38%**	0.490%	**0.78%**	0.090%	**0.38%**	0.324%	**0.22%**	0.227%
Discharged gas radioactive waste (inert gases) as a percentage of the national standards	**0.44%**	0.142%	**0.30%**	0.350%	**0.39%**	0.260%	**0.51%**	0.578%	**0.15%**	0.176%
Solid radioactive waste (m^3)	**276.4**	180.4	**42.8**	21.2	**101.3**	12.9	**129.6**	183.6	**196.8**	114.4
Results of environmental monitoring	**Normal**	Normal	**Normal**	Normal	**Normal**	Normal	**Normal**	Normal	**Normal**	Normal

Note: The main reason for changes in the data: the refuelling outage plan is different for every unit, maintenance projects are different, Yangjiang Unit 4 was put into commercial operation in 2017.

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

Nuclear power is a clean energy source that contributes to energy saving and emissions reduction to the society. Our annual on-grid nuclear power generation in effect represented a reduction of approximately 42.56 million tons of standard coal consumption, approximately 111.29 million tons of CO_2 emissions, with an equivalent effect of planting a forest of 0.31 million hectares.

Nuclear Power Generating Units under Construction

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

As of December 31, 2017, among eight nuclear power generating units we construct, 2 were in the commissioning phase, 4 were in the equipment installation phase and 2 were in the civil construction phase.

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

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

Notes:

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

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

[3] "Commissioning" refers to the process of operating the installed systems and equipment and confirming whether their performance fulfils the requirements of their design and the applicable standards.

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

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

Taishan Unit 1 has become the first EPR reactor in the world. During the construction of Taishan Nuclear project, Taishan Nuclear has to conduct more experimental verifications in respect of design and equipment, which accordingly requires longer engineering construction time. Taishan Nuclear conducted a comprehensive evaluation on subsequent engineering construction plan and relevant risks and, after due consideration, decided to adjust the construction plan of such project. Accordingly, the expected commercial operation of Taishan Unit 1 and Taishan Unit 2 will commence in 2018 and 2019, respectively.

Currently, Taishan Unit 1 is in the commissioning phase, and Unit 2 is in the equipment installation phase. Taishan Unit 1 has completed the hot functional test as of December 31, 2017, the results of which fulfilled the design criteria. Taishan Unit 2 is in the peak phase of equipment installation. The system handover and commissioning are being carried out in an orderly manner.

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

The remaining units under construction of the Company are under steady progress as planned, and meet the regulatory requirements of safety and quality.

Sales of Electricity

Over 90% of the Group's revenue came from sales of electricity by our subsidiaries. We sell the electricity generated by our nuclear power stations based on electricity sales contracts. In 2017, the on-grid power generation of our subsidiaries was 115,872.70 GWh and the sales revenue of electricity was RMB41,543.2 million, representing 91.1% of our total revenue for the year.

In 2017, the slight oversupply of power in China still subsisted. The demand for electricity consumption in some provinces where our nuclear power generating units are located still grew slowly. In response to the demand from the power grid, some of the generating units commenced temporary load reduction or temporary shutdown. Pursuant to the Provisional Measures for Nuclear Power Offtake under the Condition of Securing Nuclear Safety, we actively communicated with the relevant state departments, local governments, power grids and other units to promote the implementation of the requirements for the safe consumption of nuclear power in all regions.

In the face of complex power sales situation, the Company continued to adopt the power sales strategy of "striving for more shares of planned on-grid power generation and striving for better market power generation and power tariff". Under the co-ordination of the Company, all nuclear power bases shall adopt appropriate measures within the scope of their authorization in accordance with the actual of power supply and demand conditions in different regions.

With the further reforms of the national power system, in 2017, with the exception of Guangdong's nuclear power units which are not participating in the market-based power generation, the proportion of nuclear power units participating in the market-based electricity transactions in other provinces and autonomous regions all increased. For example, in Guangxi, where there was plentiful water supply in 2017, hydropower was abundant. Volume of electricity transactions participated by our Fangchenggang nuclear power units in market transactions increased as compared with last year. The installed capacity of nuclear power in Fujian Province, where Ningde Nuclear Power is located, increased as compared with 2016. However, the planned electricity consumption indicators as a whole remained flat when compared with the same period of last year, the volume of electricity traded in the market increased remarkably. In the face of complex power market situation, the Company and the nuclear power bases devoted their efforts jointly to strategically arrange the participation of electricity market transactions. For example, at the beginning of 2017, Fangchenggang Nuclear conducted an analysis of the electricity market and determined that the volume and tariff for most market based power. Ningde Nuclear utilized the opportunities of exporting power outside the region, and expanded electricity sales channels to improve on grid volume of the units. In 2017, we achieved the market-based power output of 19,878.99 GWh, with a certain improvement in unit utilization rate, whilst the average electricity tariff on some part of the electricity consumption was better than that of 2016.

Based on the analysis of the national economy and industry conditions, we believed that in 2018 there would not be much change to the slight oversupply condition in China. The electricity market situation in the province where nuclear power is located also would not change significantly. We will promote the implementation of the Provisional Measures for Nuclear Power Offtake under the Condition of Securing Nuclear Safety. At the same time, we still need to actively coordinate with the arrangements made by local governments in energy structure adjustment and economic development according to the actual conditions in various regions, so as to participate in the electricity market trading in a reasonable way and strive for more on grid electricity. After communication and coordination with the relevant departments of Guangdong Provincial Government, in 2018, our nuclear power plants in Guangdong Province will not directly participate in the electricity market trading. Under the premise of ensuring the safety of the power grid and nuclear power plant, we will strive to generate electricity according to the capacity of the units.

We pay close attention to the on-grid tariffs of commercial units. In July 2017, according to the relevant notice of Fujian Price Bureau, the on-grid electricity tariff of Ningde Units 3 and 4 were finally verified as RMB0.4055/kWh (tax included) and RMB0.3717/kWh (tax included) effective from the date the respective units commence commercial operation. In accordance with the Notice issued by the Price Bureau of Guangxi Zhuang Autonomous Region in August 2017, the on-grid electricity tariff of Fangchenggang Units 1 and 2 was changed from RMB 0.414/kWh (tax included) to RMB 0.4207/kWh (tax included). The change of tariff for Fangchenggang Nuclear became effective from July 1, 2017.

In 2017, except for Ningde Units 3 and 4, and Fangchenggang Units 1 and 2, the planned on-grid tariff (tax included) of other nuclear power units in operation remained unchanged. As a clean and stable energy source, we believed that the on-grid tariff of nuclear power will remain stable and conducive to the development of a nation's clean energy.

As of December 31, 2017, the on-grid tariffs (tax included) of the planned electricity sales of our nuclear power generating units in operation is as follows:

Nuclear Power Generating Units	**Clients**	**On-grid Tariffs (tax included) (RMB/kWh)**
Daya Bay Unit 1	Guangdong Power Grid Co., Ltd.	0.42
Daya Bay Unit 2	Guangdong Power Grid Co., Ltd.	0.42
Ling'ao Unit 1	Guangdong Power Grid Co., Ltd.	0.429
Ling'ao Unit 2	Guangdong Power Grid Co., Ltd.	0.429
Lingdong Unit 1	Guangdong Power Grid Co., Ltd.	0.43
Lingdong Unit 2	Guangdong Power Grid Co., Ltd.	0.43
Yangjiang Unit 1	Guangdong Power Grid Co., Ltd.	0.43
Yangjiang Unit 2	Guangdong Power Grid Co., Ltd.	0.43
Yangjiang Unit 3	Guangdong Power Grid Co., Ltd.	0.43
Yangjiang Unit 4	Guangdong Power Grid Co., Ltd.	0.43
Fangchenggang Unit 1	Guangxi Power Grid Co., Ltd.	0.4207
Fangchenggang Unit 2	Guangxi Power Grid Co., Ltd.	0.4207
Ningde Unit 1	Fujian Power Grid Co., Ltd.	0.43
Ningde Unit 2	Fujian Power Grid Co., Ltd.	0.43
Ningde Unit 3	Fujian Power Grid Co., Ltd.	0.4055
Ningde Unit 4	Fujian Power Grid Co., Ltd.	0.3717
Hongyanhe Unit 1	Liaoning Power Grid Co., Ltd.	0.4142
Hongyanhe Unit 2	Liaoning Power Grid Co., Ltd.	0.4142
Hongyanhe Unit 3	Liaoning Power Grid Co., Ltd.	0.4142
Hongyanhe Unit 4	Liaoning Power Grid Co., Ltd.	0.4142

Upon the proactive communication between the Company and Yangjiang Nuclear with the relevant departments, in November 2017, Yangjiang Nuclear received notification from Guangdong Provincial Development and Reform Commission that the on-grid tariff of Yangjiang Units 5 and Unit 6 were all approved to be RMB0.43/kWh (tax included), and shall become effective from the date the respective units commence commercial operation. Yangjiang Unit 5 and Unit 6 are expected to be put into commercial operation in the second half of 2018 and the second half of 2019 respectively.

The tariff of third generation nuclear power are determined by relevant departments of the PRC. As there is no generating unit adopting the third generation technology in China that has commenced commercial operation, the tariff of the third generation nuclear power has not been determined. With the progress of the construction of third generation nuclear power units in China, we had discussions with relevant national authorities and domestic and foreign counterparts in 2017 on the tariff of third-generation nuclear power stations and actively promoted the research on the third-generation nuclear power tariff by the relevant state departments. We will continue to track the development of tariff determination for third generation nuclear power units, and participated in related research projects. The determination of tariff for the third generation nuclear power units is closely related to the future development of the nuclear power in China. We believed that relevant departments of the State will take into account various factors and determine a reasonable tariff.

Lean Management

In 2016, according to the Company's 13th Five-Year Plan, on the basis of "specialization, centralization and standardization" of management (the "**SCS**"), the Company completed the implementation plan for lean management strategy. On the basis of the implementation plan for lean management strategy, we referred to the practices of international counterparts, and implemented business improvement to achieve the requirements of lean management. In 2017, the first year of implementing the Company's lean management strategy, we achieved certain successes in our business improvement.

The preventive maintenance program of nuclear power plant mainly includes the items of equipment maintenance, the main contents of the routine maintenance, which were our fundamentals for arranging and carrying out related maintenance activities. Through the implementation of the preventive maintenance program, we identified the major works during the routine maintenance and refuelling outages of the nuclear power plant. In 2017, by implementing optimization methods such as Reliability-Centered Maintenance (the "**RCM**"), Failure Modes and Effects analysis (the "**FMEA**"). Through combining the Company's internal and external experience feedback, under the premise of meeting regulatory requirements and ensuring the safety of power plants, we analyzed and optimized the preventive maintenance program so that the total number of maintenance items and the repair intervals and maintenance contents of some of the items would be less than from the previous ones. At the same time, through strengthening online monitoring and personnel inspection, we ensured the equipment was always in normal condition. This had further improved the reliability of equipment and promoted the safe, stable and economical operation of nuclear power plants.

(III) Future Outlook

In 2017, the pace of the national energy system restructuring will be accelerated. The composition of power supply will continue to optimize. The convening of the 19th National Congress marked the entry of China into a new era. Economic development will remain stable, and will be reflected in the growth of the physical economy. Under the background of continuously optimizing the energy supply structure in China and always adhering to the strategic direction of green low-carbon development, the Company will still enjoy its strategic phase of development with nuclear power as a clean, stable and economical energy source.

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

In 2018, we plan to carry out the following initiatives:

- In the premise of ensuring safety and quality, we will push forward construction of generating units as planned. Two generating units under construction (Yangjiang Unit 5 and Taishan Unit 1) are expected to commence commercial operation in 2018;

- We will fully implement nuclear safety management actions and responsibilities to ensure the safe and stable operation of all the generating units in operation. We will conduct 13 refuelling outages during the year (excluding the outage for Ningde Unit 3 at the end of 2017);

- We will adapt to the changes in the electricity market situation, continuously optimize the marketing system, mechanism of electricity market, strengthen the capabilities of the marketing team for sales of electricity to strive for more on-grid generation;

- We will intensely push forward the implementation of SCS management strategy and continuously commence lean management to effectively control construction cost of units under construction as well as operation and management cost of generating units in operation;

- We will enhance output of nuclear power generating units, promote reliability of fuels, improve reliability of equipment, improve safety system performance of power generating units through technological and market-oriented measures with new business growth driven by technological innovation such as application of technology innovation and technical transformation; and

- We will closely follow the change of national policy and domestic and international economic and financial environment, adhere to the principle of prudence, identify changes in risks in a timely manner through operation of risk management system, adjust our measures when appropriate and conduct equity financing in appropriate times to ensure the steady development of the Company.

HUMAN RESOURCES

The total number of employees of the Group was 18,493 as of December 31, 2017. The Group implements remuneration policy that is competitive in the industry, and pays commissions and discretionary bonus to its employees with reference to performance of the Group and individual employees. The total cost of the employees for the year ended December 31, 2017 amounted to RMB8,109.7 million (exclusive of our associates and joint ventures).

The Company has adopted the long-term incentive SAR Scheme to increase its attractiveness to core and key staff while creating better value for our shareholders. The H Shares Appreciation Rights Scheme was approved at the 2014 annual general meeting held on June 12, 2015. Details of the granting of the Share Appreciation Rights were set out in note 18 to the financial information of this announcement.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended December 31, 2017.

FINAL DIVIDEND

The Board recommended a payment of final cash dividend of RMB0.068 (tax inclusive) per share for the year from January 1, 2017 to December 31, 2017 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 consideration of various factors including the specific operation results for the year 2017. In the future, the Company will take into consideration the Company's business performance, future development strategy and other factors for the relevant year for cash distribution 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 "**2017 Annual General Meeting**") of the Company and it is expected to be paid on or around July 18, 2018. For details of the distribution of final dividend of the Company, please refer to the circular for the 2017 Annual General Meeting to be issued by the Company in due course.

EXCHANGE RATE

For the year ended December 31, 2017, 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.

SUBSEQUENT EVENTS

On February 11, 2018, the plan for the A share offering was considered and approved by the Board, and will be submitted to the extraordinary general meeting, H Shareholders' class meeting and domestic shareholders' class meeting of the Company for consideration and approval. In addition to obtaining approval by shareholders, the plan for the A share offering is also subject to approval by China Securities Regulatory Commission and other relevant regulatory authorities. Pursuant to the plan, the par value per A Share will be RMB1.00, and the number of A Shares to be issued shall not exceed 5,049,861,100 shares. Proceeds raised from the A share offering will be used for the construction of Yangjiang Units 5 and 6 and Fangchenggang Units 3 and 4, and replenishment of the Group's working capital. Assuming a full issuance of 5,049,861,100 A Shares, it represents approximately 10% of the total issued shares of the Company immediately after the issuance. Please refer to the announcement of the Company dated February 11, 2018 for details.

According to the investment agreement entered into between the Company and Shenzhen Guotong, the Company and Shenzhen Guotong established a company to hold 61% equity interest in Fangchenggang Nuclear. The Company held 60% equity interest in the company and consolidated into its consolidated financial statements. The company was established on January 10, 2018 and the procedures of transfer of such equity interest were completed on February 11, 2018.

On March 8, 2018, the Board considered and approved the proposal (the "**Proposal**") of acquiring the equity interests of three companies, including 中廣核海洋能源有限公司 CGN Ocean Power Co., Ltd. ("**Ocean Power**"). Pursuant to the Proposal, the Company will acquire 100% equity interests of Ocean Power and 100% equity interests of 中廣核河北熱電有限公司 CGN Hebei Thermal Power Co., Ltd. held by CGNPC and 100% equity interests of 中廣核電力銷售有限公司 CGN Power Sales Co., Ltd held by 深圳市能之匯投資有限公司 Shenzhen Nengzhihui Investment Co., Ltd. in cash, while the equity transfer price shall be determined based on the valuation of the companies to be filed with relevant authority and the final price payable is subject to adjustments during the interim period. For further details, please refer to the announcement of connected transactions dated March 8, 2018 of the Company.

ANNUAL GENERAL MEETING AND CLOSURE OF SHARE REGISTER OF MEMBERS

The Company proposes to hold the 2017 Annual General Meeting in May 2018. 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 2017 Annual General Meeting, please refer to the circular for the 2017 Annual General Meeting to be issued by the Company in due course.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 Company adopted the Corporate Governance Code of the Company (First Edition) which covers the basic requirements of the Stock Exchange Codes and in many aspects exceeds the standards of its recommended best practices.

During the period from January 1, 2017 to December 31, 2017, 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). Nonetheless, we have published reports on operation data of the Company on a quarterly basis. At the end of every quarter, we publish quarterly financial statements in the domestic market in accordance with the requirements of mainland China's bond market, and also made overseas regulatory announcements on the Stock Exchange's website simultaneously to disclose the quarterly financial position based on the China Accounting Standards, and provide explanations on their differences with the International Accounting Standards where appropriate.

According to the features of the industry, we have established the Nuclear Safety Committee under the Board, which enables us to enhance the supervision on nuclear safety and management for the Company. The nomination committee of the Board has established the board diversity policy with indicators, set up the standards of the board composition and the quantified indicators for directors' performance. We set up early schedules for the board meetings, specialized committee meetings, supervisory meetings, trainings for supervisors and inspection planning throughout the year, reporting the information on operation and production of the Company to the Board in a timely manner. We have completed the re-election of the first session of the Board at the annual general meeting held on May 24, 2017 in a smooth manner, new session of the Board can be further strengthened in relation to diversity in Board members.

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 AND RISK MANAGEMENT COMMITTEE

The Company has established an audit and risk management committee (the "**Audit and Risk Management 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 Board has delegated to the Audit and Risk Management Committee with written terms of reference prepared according to the relevant requirements of the Articles of Association, the Company Law of the PRC, the Listing Rules, A Guide for Effective Audit Committees published by the Hong Kong Institute of Certified Public Accountants. The terms of reference are detailed in the Terms of Reference for the Audit and Risk Management Committee of the Company and set out on the websites of the Company and the Stock Exchange. As of the date of this announcement, the Audit and Risk Management Committee comprises one non-executive director (Mr. Zhang Yong) and two independent non-executive directors (Mr. Na Xizhi and Mr. Francis Siu Wai Keung). Mr. Francis Siu Wai Keung, who possesses accounting qualification, acts as the chairman of the Audit and Risk Management Committee.

The Audit and Risk Management Committee has reviewed the 2017 annual results and the consolidated financial statements for the year ended December 31, 2017 of the Group prepared in accordance with the IFRSs.

AUDITORS

Deloitte Touche Tohmatsu has audited the consolidated financial statements for the year ended December 31, 2017 prepared by the Company in accordance with the IFRSs.

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 dispatch to the shareholders in due course all the information required by the Listing Rules together with the 2017 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 8, 2018

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. Tan Jiansheng, Mr. Shi Bing, Ms. Zhong Huiling and Mr. Zhang Yong, as non-executive Directors; Mr. Na Xizhi, Mr. Hu Yiguang and Mr. Francis Siu Wai Keung, as independent non-executive Directors.

* *For identification purposes only*