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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2020

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2020:

- Operating revenue of the Group was approximately RMB31,506.67 million, representing an increase of 18.8% over the corresponding period in 2019.
- Net profit attributable to shareholders of the parent company was approximately RMB5,205.22 million, representing an increase of 3.6% over the corresponding period in 2019.
- Net profit attributable to shareholders of the parent company (excluding the effects of non-recurring gains or losses) was approximately RMB5,142.93 million, representing an increase of 6.8% over the corresponding period in 2019.

The board of directors (the "Board") of CGN Power Co., Ltd. (the "Company", "we" or "us") hereby announces the unaudited consolidated operating results of the Company and its subsidiaries (the "Group") for the six months ended June 30, 2020 (the "Reporting Period") together with the comparative figures for the corresponding period in 2019. The financial information of the Group for the six months ended June 30, 2020 shown in this results announcement is based on the unaudited consolidated financial statements prepared in accordance with the China Accounting Standards for Business Enterprises ("CASBE") and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Hong Kong Companies Ordinance") and The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Note: For details of non-recurring gains and losses, please see Note 23 to the Financial Information in this announcement.

* For identification purpose only

OVERVIEW

In the first half of 2020, the novel coronavirus pneumonia epidemic (the "COVID-19") has certain impacts on the People's Republic of China's ("China" or the "PRC") overall economic operation and power demand, which have led to a certain degree of load reduction or shutdown for standby of the Group's nuclear power units after the Spring Festival. With the resumption of work and production in China, the power demand in the whole society has gradually increased. The utilization rate of the nuclear power units managed by the Group has also gradually increased to a normal level.

In the second half of 2020, we will continue to actively respond to the impacts brought by the COVID-19, maintain safe and stable operation of all generating units in operation, ensure smooth progress of the generating units under construction, and actively deal with the challenges and opportunities brought by changes in the external environment of the Company.

As of June 30, 2020, the Group managed a total of 24 nuclear power generating units in operation, with a total installed capacity of 27,142 MW, and achieved an on-grid power generation of 90,348.68 GWh, representing an increase of 13.00% over the corresponding period of 2019. Our on-grid nuclear power generation in effect represented a reduction of approximately 75.7122 million tons of carbon dioxide emissions. Our subsidiaries achieved an on-grid power generation of 76,070.27 GWh, representing an increase of 15.88% over the corresponding period of 2019.

As of June 30, 2020, five nuclear power generating units were under construction by the Group (including one unit which was entrusted to the Company by the controlling shareholder of the Company for management), with a total installed capacity of 5,800 MW. All units under construction were under steady progress as planned.

FINANCIAL INFORMATION

The financial information set out below in this announcement is extracted from the Company's 2020 interim report. Such financial information has been reviewed by the audit and risk management committee of the Company, and approved by the Board. The consolidated interim financial statements of the Company for the year 2020 prepared in accordance with CASBE have been reviewed by KPMG Huazhen LLP, the external auditor of the Company.

For more detailed analysis on changes of important data contained in the financial information, please refer to the section headed "Finance, Assets and Investments" in this announcement.

CONSOLIDATED INCOME STATEMENT For the six months ended June 30, 2020

(Expressed in RMB)

NOTES 2020 (Unaudited) 2019 (Unaudited)
I. Operating revenue 4 31,506,671,856.77 26,522,681,415.95 Less: Operating costs 4 18,089,579,051.09 14,830,818,161.70 Tax and surcharges 315,810,697.85 344,075,328.82 Selling expenses 25,230,157.33 31,739,099.64 Administrative expenses 1,165,418,022.85 1,198,120,648.68 Research and development expenses 223,831,185.23 226,852,303.25 Finance costs 5 4,314,414,744.95 3,616,099,418.28 Including: Interest expenses 4,260,085,963.29 3,585,332,064.10 Interest income 127,128,035.48 143,774,488.12 Add: Other gains 6 1,177,052,331.16 1,407,113,207.22 Including: Income from investment in associates 7 422,246,049.02 639,744,281.63 Including: Income from changes in fair value 8 17,967,642.12 (2,868,860.54) Impairment gains (losses) 7,824,874.96 53,496,065.42
Less: Operating costs 4 18,089,579,051.09 14,830,818,161.70 Tax and surcharges 315,810,697.85 344,075,328.82 Selling expenses 25,230,157.33 31,739,099.64 Administrative expenses 1,165,418,022.85 1,198,120,648.68 Research and development expenses 223,831,185.23 226,852,303.25 Finance costs 5 4,314,414,744.95 3,616,099,418.28 Including: Interest expenses 4,260,085,963.29 3,585,332,064.10 Interest income 127,128,035.48 143,774,488.12 Add: Other gains 6 1,177,052,331.16 1,407,113,207.22 Including: Income from investment in associates 7 422,246,049.02 639,744,281.63 Including: Income from changes in fair value 8 17,967,642.12 (2,868,860.54) Impairment gains (losses) (7,824,874.96) 53,496,065.42
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Administrative expenses1,165,418,022.851,198,120,648.68Research and development expenses223,831,185.23226,852,303.25Finance costs54,314,414,744.953,616,099,418.28Including: Interest expenses4,260,085,963.293,585,332,064.10Interest income127,128,035.48143,774,488.12Add: Other gains61,177,052,331.161,407,113,207.22Investment income7422,246,049.02639,744,281.63Including: Income from investment in associates7417,541,090.05471,868,923.58Gains (losses) from changes in fair value817,967,642.12(2,868,860.54)Impairment gains (losses)(7,824,874.96)53,496,065.42
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Impairment gains (losses) (7,824,874.96) 53,496,065.42
Coinc from disposal of accets
Gains from disposal of assets 209,089.84 –
II. Operating profit 8,982,038,234.65 8,372,461,149.31
Add: Non-operating income 8,993,071.63 5,526,018.57
Less: Non-operating expenses 39,402,594.26 8,368,442.22
III. Total profit 8,951,628,712.02 8,369,618,725.66
Less: Income tax expenses 9 1,090,177,148.76 944,059,410.87
IV. Net profit 7,861,451,563.26 7,425,559,314.79
(I) Classified by continuity of operations
1. Net profit from continuing operations 7,861,451,563.26 7,425,559,314.79
2. Net profit from discontinued operations –
(II) Classified by ownership
1. Net profit attributable to shareholders of the parent
company 5,205,219,112.59 5,022,584,904.83
2. Non-controlling interests 2,656,232,450.67 2,402,974,409.96

					For the six months ended June 30,	
				NOTES	2020 (Unaudited)	2019 (Unaudited)
V.			hensive income, net of tax		108,066,281.58	57,706,479.66
		-	hensive income attributable to shareholders of the ny, net of tax		80,854,326.18	49,886,143.50
	(I)		comprehensive income that will not be reclassified to or loss Change arising from remeasurement of defined		(1,088,665.00)	26,478,010.00
			benefit plan		(1,239,625.00)	278,375.00
		2.	Other comprehensive income that cannot be transferred to profit or loss under the equity method Change in fair value of investment in other equity		(598,400.00)	-
			instruments		749,360.00	26,199,635.00
	(II)	profit Trans	comprehensive income that may be reclassified to or loss lation differences arising from translation of foreign		81,942,991.18	23,408,133.50
	Other		ncy financial statements hensive income attributable to non-controlling		81,942,991.18	23,408,133.50
M	interes	ts, net	of tax		27,211,955.40	7,820,336.16
VI.			hensive income hensive income attributable to shareholders of the		7,969,517,844.84	7,483,265,794.45
VII.	parent Total	compa	ny hensive income attributable to non-controlling interests		5,286,073,438.77 2,683,444,406.07	5,072,471,048.33 2,410,794,746.12
,	(I) (II)	Basic	earnings per share ed earnings per share	10 10	0.103 0.103	0.111 0.111

CONSOLIDATED BALANCE SHEET As at June 30, 2020

(Expressed in RMB)

		June 30, 2020	December 31, 2019
	NOTES	(Unaudited)	(Audited)
Current assets:		12 245 007 042 44	10 571 640 772 50
Cash at bank and in hand Derivative financial assets		13,345,807,842.44	19,571,648,773.58
Bills receivable	11	1,679,330.46	3,149,401.93
Accounts receivable	12	3,282,480.00	669,170,265.04
	12	7,765,513,062.23 12,868,158,959.65	7,483,893,725.25 9,197,503,376.81
Prepayments Other receivables		147,377,932.42	147,196,275.50
Inventories		17,529,956,585.52	18,370,637,240.89
Contract assets		3,183,630,800.38	3,421,177,653.57
Non-current assets due within one year		3,103,030,000.30	245,345.98
Other current assets		3,006,478,376.83	3,058,761,231.75
Total current assets		57,851,885,369.93	61,923,383,290.30
Non-current assets:		37,031,003,307.73	01,923,363,290.30
Long-term equity investments		11,814,689,360.86	11,199,291,810.53
Other investment in equity instruments		392,036,600.00	391,155,000.00
Investment properties		154,862,936.35	183,747,207.19
Fixed assets		252,420,839,638.14	256,954,693,283.42
Construction in progress		42,853,460,268.77	39,240,570,013.29
Right-of-use assets		917,115,486.91	1,045,156,326.10
Intangible assets		4,886,756,647.47	4,937,028,458.97
Development costs		2,270,752,646.91	2,274,225,675.05
Goodwill		419,242,673.32	419,242,673.32
Long-term deferred expenses		1,457,644,801.88	1,473,427,773.32
Deferred tax assets		2,086,261,168.10	1,904,063,349.16
Other non-current assets		6,181,590,948.83	6,029,249,666.14
Total non-current assets		325,855,253,177.54	326,051,851,236.49
Total assets		383,707,138,547.47	387,975,234,526.79
Current liabilities:		, , ,	, , ,
Short-term loans	13	18,573,301,987.67	14,263,273,458.48
Bills payable	14	1,633,812,558.93	2,618,383,795.01
Accounts payable	15	18,278,654,559.40	19,983,479,765.09
Receipts in advance		_	40,000.00
Contract liabilities		3,351,960,618.54	1,543,242,352.55
Employee benefits payable		89,790,591.20	51,046,738.75
Taxes payable		1,190,264,777.19	1,456,753,322.33
Other payables		8,604,478,940.44	3,817,756,635.31
Non-current liabilities due within one year	16	16,768,450,681.79	22,747,589,472.72
Other current liabilities		508,771,759.33	536,334,171.47
Total current liabilities		68,999,486,474.49	67,017,899,711.71

	NOTES	June 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Non-current liabilities:			
Long-term loans	17	161,803,372,866.30	167,859,812,159.47
Bonds payable	18	6,993,367,860.25	8,987,133,846.98
Lease liabilities		574,995,719.83	695,555,684.54
Long-term employee benefits payable		58,083,627.16	119,769,817.00
Provisions	19	5,009,599,317.56	4,910,629,589.95
Deferred income		2,030,146,809.97	1,873,337,839.76
Deferred tax liabilities		1,238,424,759.41	1,217,228,385.92
Total non-current liabilities		177,707,990,960.48	185,663,467,323.62
Total liabilities		246,707,477,434.97	252,681,367,035.33
Shareholders' equity:			
Share capital	20	50,498,611,100.00	50,498,611,100.00
Capital reserve		10,703,584,842.13	10,702,322,842.13
Other comprehensive income		847,438,987.61	766,584,661.43
Specific reserve		197,139,217.64	222,401,570.36
Surplus reserve		3,944,339,314.63	3,944,339,314.63
Retained earnings		25,035,062,077.73	23,667,716,575.70
Total equity attributable to shareholders of the			
parent company		91,226,175,539.74	89,801,976,064.25
Non-controlling interests		45,773,485,572.76	45,491,891,427.21
Total shareholders' equity		136,999,661,112.50	135,293,867,491.46
Total liabilities and shareholders' equity		383,707,138,547.47	387,975,234,526.79

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2020

1. COMPANY OVERVIEW

The Company was established in the PRC on March 25, 2014 as a joint stock company with limited liability under the Company Law of the PRC. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on December 10, 2014 and listed on the SME Board of the Shenzhen Stock Exchange (the "SZSE") on August 26, 2019.

The parent and the ultimate holding company of the Company is China General Nuclear Power Corporation (中國廣核集團有限公司) ("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.

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

2. BASIS OF PREPARATION

The Group adopts the CASBE and relevant requirements promulgated by The Ministry of Finance of the People's Republic of China ("the Ministry of Finance"), and discloses relevant financial information in accordance with the Rules on the Preparation and Report of Information Disclosure for Companies Publicly Issuing Securities No. 15 – General Requirements for Financial Reports (Revised in 2014). In addition, the financial statements also include information disclosure according to the relevant requirements under the Hong Kong Companies Ordinance and the Listing Rules.

The financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in accounting policies are set out in note 3.

3. CHANGES IN ACCOUNTING POLICIES

Since 2020, the Group commences the implementation of the related requirements of the following Accounting Standards for Business Enterprises issued by the Ministry of Finance:

- Interpretation No. 13 of the Accounting Standards for Business Enterprises (Cai Kuai [2019] No. 21)
- Covid-19 Related Rent Concessions (Cai Kuai [2020] No. 10)

The adoption of the above interpretation and standard does not have a significant impact on the interim financial information of the Group.

4. OPERATING REVENUE AND OPERATING COSTS

	For the six months ended June 30,				
Item	2020		2019		
	Revenue	Costs	Revenue	Costs	
From principal operations	31,459,685,972.44	18,055,650,772.20	26,433,432,327.48	14,759,234,170.11	
Of which: Sales of electricity	27,128,789,861.76	13,647,209,860.47	23,318,272,795.95	11,752,612,164.29	
Construction, installation and design services	3,622,560,075.49	3,616,036,012.63	2,466,203,735.60	2,413,844,532.38	
Rendering of services	666,645,491.32	747,833,768.86	478,634,936.86	356,288,304.52	
Sales of goods and others	41,690,543.87	44,571,130.24	170,320,859.07	236,489,168.92	
From other operations	46,985,884.33	33,928,278.89	89,249,088.47	71,583,991.59	
Total	31,506,671,856.77	18,089,579,051.09	26,522,681,415.95	14,830,818,161.70	

5. FINANCE COSTS

Unit: RMB

Item	For the six months ended June 30,		
Item	2020	2019	
Interest expenses	4,694,241,811.57	5,068,319,651.69	
Less: Capitalized interest expenses	591,827,393.52	1,482,987,587.59	
Less: Interest income	127,128,035.48	143,774,488.12	
Exchange losses	165,917,499.07	9,494,306.48	
Less: Capitalized exchange gains	(3,336,342.79)	(2,843,921.27)	
Interest expenses on the provision for nuclear power plant decommissioning	137,039,305.46	117,527,439.82	
Interest expenses on the lease liabilities	20,632,239.78	29,737,733.31	
Bank charges and others	12,202,975.28	14,938,441.42	
Total	4,314,414,744.95	3,616,099,418.28	

6. OTHER GAINS

Unit: RMB

Item	For the six months ended June 30,		For the six months ended June 30, including the amount of non-recurring gains and losses	
	2020	2019	2020	2019
Value-added tax refunds (Note)	1,076,962,675.29	1,294,313,655.82	-	-
Other government grants	84,070,534.49	112,178,208.53	84,070,534.49	112,178,208.53
Individual income tax refund	16,019,121.38	621,342.87	-	-
Total	1,177,052,331.16	1,407,113,207.22	84,070,534.49	112,178,208.53

Note: For the value-added tax refunds received by the Group, the Group adopted the VAT "levy first, refund later" policy in respect of its sale of electricity to grid companies generated by Lingdong Nuclear Power Co., Ltd. (嶺東核電有限公司) ("Lingdong Nuclear"), Yangjiang Nuclear Power Co., Ltd. (陽江核電有限公司) ("Yangjiang Nuclear"), Guangxi Fangchenggang Nuclear Power Co., Ltd. (廣西防城港核電有限公司) ("Fangchenggang Nuclear"), Fujian Ningde Nuclear Power Co., Ltd. (福建寧德核電有限公司) ("Ningde Nuclear") and Taishan Nuclear Power Joint Venture Co., Ltd. (台山核電合營有限公司) ("Taishan Nuclear").

7. INVESTMENT INCOME

Unit: RMB

Item	For the six months ended June 30,		
Item	2020	2019	
Income from long-term equity investments accounted for using the equity method	417,541,090.05	471,868,923.58	
Investment income from disposal of long-term equity investments	_	143,073,493.12	
Income from derivative financial instruments	5,810,739.91	2,811,957.28	
Others	(1,105,780.94)	21,989,907.65	
Total	422,246,049.02	639,744,281.63	

8. GAINS (LOSSES) FROM CHANGES IN FAIR VALUE

Unit: RMB

Item	For the six months ended June 30,		
Item	2020	2019	
Losses from changes in fair value arising from derivative financial instruments	(1,753,857.54)	(1,552,685.70)	
Gains (losses) from changes in fair value arising from cash-settled share-based payments	19,721,499.66	(1,316,174.84)	
Total	17,967,642.12	(2,868,860.54)	

9. INCOME TAX EXPENSES

Unit: RMB

Item	For the six months ended June 30,		
Item	2020	2019	
Current income tax expenses	1,259,939,953.26	973,847,139.39	
Deferred income tax expenses	(160,869,205.44)	(7,150,764.92)	
Adjustments to income tax of previous years	(8,893,599.06)	(22,636,963.60)	
Total	1,090,177,148.76	944,059,410.87	

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

China Nuclear Power Design Co., Ltd. (Shenzhen) (深圳中廣核工程設計有限公司) ("CGN Design"), Lingdong Nuclear, Guangdong Nuclear Power Joint Venture Co, Ltd. (廣東核電合營有限公司) ("GNPJVC"), China Nuclear Power (Shenzhen) Operational Technology and Radiation Monitoring Co., Ltd. (中廣核 (深圳) 運營技術與輻射監測有限公司) ("Radiation Monitoring Company"), China Nuclear Power (Beijing) Simulation Technology Corporation Ltd. (中廣核 (北京) 仿真技術有限公司) ("CNPSTC"), CGN Inspection Technology Co., Ltd. (中廣核檢測技術有限公司) ("Inspection Company"), Suzhou Nuclear Power Research Institute (蘇州熱工研究院有限公司) ("SNPRI"), China Nuclear Power Technology Research Institute (中廣核研究院有限公司) ("CNPRI"), Ling'ao Nuclear, China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司) ("CGN Engineering"), Yangjiang Nuclear, Fangchenggang Nuclear, CGN Lufeng Nuclear Power Co., Ltd. (中廣核 陸豐核電有限公司) ("Lufeng Nuclear"), Ningde Nuclear, Taishan Nuclear, CGN Ocean Power Co., Ltd. (中廣核河北熱電有限公司) ("Hebei Thermal Power"), CGN Hebei Thermal Power Co., Ltd. (中廣核河北熱電有限公司) ("CGN Operations") and Sansha Advanced Energy Co., Ltd. (三沙先進能源有限公司) ("Sansha Energy") were entitled to tax reduction and exemption in accordance with the relevant EIT laws and regulations.

Investment tax preferential policy for public infrastructure projects

Pursuant to the Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Tax Benefit (Cai Shui [2008] No. 46) (財政部、國家税務總局《關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知》(財稅[2008]46號)) issued by the Ministry of Finance and the State Administration of Taxation and the Supplementary Notice of Tax Benefit Scheme in relation to Public Infrastructure Project (Cai Shui [2014] No. 55) (《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》(財稅[2014]55號)), as Yangjiang Nuclear, Fangchenggang Nuclear, Ningde Nuclear and Taishan Nuclear fall under the Tax Benefit Scheme in relation to the Investment in and Operation of Key Public Infrastructure Projects Supported by the State, these subsidiaries were entitled to EIT exemption for three years followed by 50% exemption for the next three years commencing from their first revenue generating year.

Yangjiang Unit 1 was subject to EIT at 12.5% for the period from January 1 to June 30, 2019, and was subject to EIT at 25% for the period from January 1 to June 30, 2020; Unit 2 and Unit 3 were subject to EIT at 12.5% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020; Unit 4 was entitled to EIT exemption for the period from January 1 to June 30, 2019, and was subject to EIT at 12.5% for the period from January 1 to June 30, 2020; Unit 5 and Unit 6 were entitled to EIT exemption for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020.

Fangchenggang Unit 1 and Unit 2 were entitled to a 50% reduction in EIT at 15% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020.

Ningde Unit 1 was subject to EIT at 25% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020; Unit 2 was subject to EIT at 12.5% for the period from January 1 to June 30, 2020; Unit 3 was subject to EIT at 12.5% for the periods from January 1 to June 30, 2020; Unit 3 was subject to EIT at 12.5% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020; and Unit 4 was subject to EIT at 12.5% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020.

Taishan Unit 1 was entitled to EIT exemption for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020; Unit 2 commenced commercial production in September 2019 and was entitled to EIT exemption for the period from January 1 to June 30, 2020.

As at June 30, 2020, Lufeng Nuclear had not yet generated operating revenue.

Preferential tax policy for high-tech enterprises

On June 19, 2015, GNPJVC was recognized as a high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GR201544200288) with a validity of three years. On October 16, 2018, GNPJVC was again recognized as a national high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GR201844202215) with a validity of three years. GNPJVC paid EIT at 15% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020.

On November 21, 2016, Ling'ao Nuclear was recognized as a national high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GR201644201738) with a validity of three years. On December 9, 2019, Ling'ao Nuclear was once again recognized as a national high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GR201944200999) with a validity of three years. Ling'ao Nuclear prepaid EIT at 15% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020.

On December 1, 2017, Lingdong Nuclear was recognized as a high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GR201744205073) with a validity of three years. Lingdong Nuclear paid EIT at 15% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020.

On October 31, 2017, CNPRI was again recognized as a national high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GR201744203194) with a validity of three years. CNPRI paid EIT at 15% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020.

On December 22, 2016, CNPSTC was recognized as a national high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GR201611006000) with a validity of three years. On December 2, 2019, CNPSTC was once again recognized as a national high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GR201911008275) with a validity of three years. CNPSTC paid EIT at 15% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020.

On November 17, 2017, SNPRI was recognized as a national high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GR201732000370) with a validity of three years. SNPRI paid EIT at 15% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020.

On October 31, 2017, the Inspection Company was recognized as a national high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GR201744203105) with a validity of three years. The Inspection Company paid EIT at 15% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020.

On August 17, 2017, Radiation Monitoring Company was recognized as a national high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GR201744200760) with a validity of three years. Radiation Monitoring Company paid EIT at 15% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020.

On November 21, 2016, CGN Engineering was recognized as a national high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GR201644203168) with a validity of three years. On December 9, 2019, CGN Engineering was once again recognized as a national high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GF201944205623) with a validity of three years. CGN Engineering prepaid EIT at 15% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020.

On November 2, 2015, CGN Design was recognized as a national high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GF201544201487) with a validity of three years. On November 9, 2018, CGN Design was again recognized as a national high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GR201844203078) with a validity of three years. CGN Design paid EIT at 15% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020.

On December 18, 2019, CGN Operations was recognized as a national high-tech enterprise, and obtained a High-Tech Enterprise Certificate (《高新技術企業證書》) (GR201944205802) with a validity of three years. CGN Operations paid EIT at 15% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020.

Other preferential tax policies

Pursuant to the Notice of the Ministry of Finance and State Administration of Taxation on Implementation of Preferential Enterprise Income Tax Policies (Cai Shui [2009] No. 69) (《財政部、國家税務總局關於執行企業所得稅優惠政策若干問題的通知》(財稅[2009]69號)) and the Notice of the State Administration of Taxation on Issues concerning Enterprise Income Tax in Further Implementing the Western Development Strategy (SAT [2012] No.12) (《國家稅務總局關於深入實施西部大開發戰略有關企業所得稅問題的公告》(國家稅務總局公告 2012年第12號)), as Fangchenggang Nuclear simultaneously met the conditions of the western development of 15% tax preferential policy, and those for investment of public infrastructure projects, therefore it was entitled to both tax preferential policies with a 50% reduction in EIT at 15% for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020.

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

Pursuant to the PRC Enterprise Income Tax Law and the Notice on Implementing the Inclusive Tax Deduction and Exemption Policies for Small Profit-making Enterprises ((Cai Shui [2019] No. 13) (《關於實施小微企業普惠性税收減免政策的通知》(財税[2019]13號)), Ocean Power, Hebei Thermal Power, Sansha Energy, Fujian Ningde Nuclear Power Sales Co., Ltd. (福建寧核售電有限公司) and Guangxi Fangchenggang Nuclear Power Sales Co., Ltd. (廣西防核售電有限公司) were qualified as small profit-making enterprises. Ocean Power, Hebei Thermal Power and Sansha Energy were subject to EIT at 20% according to 25% of the taxable amount for the periods from January 1 to June 30, 2019 and from January 1 to June 30, 2020. Fujian Ningde Nuclear Power Sales Co., Ltd. was subject to a reduction of 25% for taxable income and paid EIT at 20% for the periods from June 4, 2019 (the date of establishment of the subsidiary) to June 30, 2020. Guangxi Fangchenggang Nuclear Power Sales Co., Ltd. was subject to a reduction of 25% for taxable income and paid EIT at 20% for the period from September 3, 2019 (the date of establishment of the subsidiary) to June 30, 2020.

Pursuant to the Notice on Publishing the Policies on Further Encouraging the Development of Software and Integrated Circuits Industry (Guo Fa [2011] No. 4) (關於印發進一步鼓勵軟件產業和集成電路產業發展若干政策的通知》(國發[2011]4號)) issued by the State Council, and the Notice on the Value-added Tax Policy of Software Products (Cai Shui [2011] No. 100) (關於軟件產品增值稅政策的通知》(財稅[2011]100號)) issued by the Ministry of Finance and the State Administration of Taxation, the income from selling software products developed by CNPSTC shall be subject to value-added tax at a statutory tax rate, and an immediate refund policy shall be adopted for the portion exceeding 3% of the actual tax burden.

Pursuant to the Notice on Levy of and Exemption from Urban Land Use Tax for Land of Nuclear Power Station (Cai Shui [2007] No. 124) (《關於核電站用地徵免城鎮土地使用稅的通知》(財稅[2007]124號)) issued by the Ministry of Finance and the State Administration of Taxation, other than nuclear islands, regular islands, auxiliary plants, land for communication facilities (excluding land for underground lines) and land for living and office, other land for nuclear power stations are exempt from urban land use tax. Taxable land of nuclear power stations is subject to half of the urban land use tax during infrastructure construction period.

10. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders of the parent company by the weighted average number of ordinary shares of the Company in issue.

Unit: RMB

Item	For the six months ended June 30,		
Item	2020 201		
Net profit attributable to shareholders of the parent company	5,205,219,112.59	5,022,584,904.83	
Weighted average number of ordinary shares of the Company in issue	50,498,611,100.00	45,448,750,000.00	
Basic earnings per share	0.103	0.111	

For the periods from January 1, 2020 to June 30, 2020 and from January 1, 2019 to June 30, 2019, the Group did not have any dilutive potential ordinary shares. Therefore, diluted earnings per share was the same as the basic earnings per share.

11. BILLS RECEIVABLE

Item	June 30, 2020	December 31, 2019
Bank acceptance bills	3,282,480.00	669,120,265.04
Commercial acceptance bills	-	50,000.00
Total	3,282,480.00	669,170,265.04

12. ACCOUNTS RECEIVABLE

(a) Accounts receivable disclosed by category

Unit: RMB

Item	June 30, 2020	December 31, 2019
Accounts receivable arising from contracts with customers	7,898,584,844.19	7,613,182,646.09
Including: Group 1	7,371,439,344.74	7,147,764,943.75
Group 2	444,386,407.65	382,333,306.49
Accounts receivable for which provision for bad debts has been individually made	82,759,091.80	83,084,395.85
Less: Bad debt provisions	133,071,781.96	129,288,920.84
Including: Group 1	26,862,756.70	25,390,418.37
Group 2	23,449,933.46	20,814,106.62
Accounts receivable for which provision for bad debts has been individually made	82,759,091.80	83,084,395.85
Carrying value	7,765,513,062.23	7,483,893,725.25

As part of the credit risk management, the Group asseses the impairment loss by using aging analysis of accounts receivable grouping of accounts receivable with the same risk characteristics. The credit risk and expected credit loss of each group of accounts receivable are as follows:

Group 1:

	June 30, 2020			December 31, 2019				
Aging	Expected credit loss rate	Carrying balance	Bad debt provisions	Carrying value	Expected credit loss rate	Carrying balance	Bad debt provisions	Carrying value
Less than 1 year	0.30%	7,348,611,931.21	24,092,659.04	7,324,519,272.17	0.30%	7,125,993,950.07	21,377,819.74	7,104,616,130.33
1 – 2 years	5.00%	11,997,985.45	599,899.27	11,398,086.18	5.00%	6,226,834.99	311,377.95	5,915,457.04
2 – 3 years	20.00%	10,786,300.43	2,157,260.09	8,629,040.34	20.00%	15,544,158.69	3,701,220.68	11,842,938.01
More than 3 years	30.00%	43,127.65	12,938.30	30,189.35	30.00%	-	-	-
Total		7,371,439,344.74	26,862,756.70	7,344,576,588.04		7,147,764,943.75	25,390,418.37	7,122,374,525.38

Group 2:

Unit: RMB

	June 30, 2020			December 31, 2019				
Aging	Expected credit loss rate	Carrying balance	Bad debt provisions	Carrying value	Expected credit loss rate	Carrying balance	Bad debt provisions	Carrying value
Less than 1 year	0.30%	315,409,338.01	2,175,600.53	313,233,787.48	0.30%	266,120,053.64	792,229.89	265,327,823.75
1 – 2 years	10.00%	104,597,588.10	10,459,758.81	94,137,829.29	10.00%	93,874,162.29	9,383,996.87	84,490,165.42
2 – 3 years	30.00%	16,806,470.68	5,041,941.20	11,764,529.48	30.00%	10,259,256.96	3,081,299.03	7,177,957.93
3 – 4 years	50.00%	2,701,803.88	1,350,901.94	1,350,901.94	50.00%	8,745,306.60	4,372,653.30	4,372,653.30
4 – 5 years	80.00%	2,247,129.98	1,797,703.98	449,426.00	80.00%	725,000.00	574,400.53	150,599.47
More than 5 years	100.00%	2,624,027.00	2,624,027.00	-	100.00%	2,609,527.00	2,609,527.00	-
Total		444,386,407.65	23,449,933.46	420,936,474.19		382,333,306.49	20,814,106.62	361,519,199.87

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

Unit: RMB

	June 30, 2020			June 30, 2020 December 31, 2019				
Aging	Expected credit loss rate	Carrying balance	Bad debt provisions	Carrying value	Expected credit loss rate	Carrying balance	Bad debt provisions	Carrying value
3 – 4 years	100.00%	73,979,091.80	73,979,091.80	-	100.00%	74,259,091.80	74,259,091.80	-
4 – 5 years	100.00%	280,000.00	280,000.00	-	100.00%	3,400,000.00	3,400,000.00	-
More than 5 years	100.00%	8,500,000.00	8,500,000.00	-	100.00%	5,425,304.05	5,425,304.05	-
Total		82,759,091.80	82,759,091.80	-		83,084,395.85	83,084,395.85	-

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

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

Unit: RMB

	During the period from January 1 to June 30, 2020					
Item	Expected credit losses during the whole life (no credit impairment occurred)	Expected credit losses during the whole life (credit impairment occurred)	Total			
January 1, 2020	46,204,524.99	83,084,395.85	129,288,920.84			
Provisions for expected credit losses for the period	4,179,518.26	_	4,179,518.26			
Reversal of expected credit losses for the period	(89,676.61)	_	(89,676.61)			
Write-offs for the period	-	(325,304.05)	(325,304.05)			
Impact of changes in exchange rates	18,323.52	_	18,323.52			
June 30, 2020	50,312,690.16	82,759,091.80	133,071,781.96			

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

Name of entity	Carrying balance	Percentage to total accounts receivable (%)	Balance of provisions for bad debts at end of the period
Guangdong Power Grid Co., Ltd. (廣東電網有限責任公司)	3,738,991,004.72	47.35	13,485,265.30
Fujian Electric Power Co., Ltd. (國網福建省電力有限公司)	726,632,508.91	9.20	2,179,897.53
Hong Kong Nuclear Investment Co. Ltd. (香港核電投資有限公司)	566,502,446.62	7.17	1,255,921.85
Guangxi Power Grid Co., Ltd. (廣西電網有限責任公司)	532,596,413.69	6.74	1,597,789.24
CGNPC Zhejiang Daishan Offshore Wind Power Co., Ltd. (中廣核浙江岱山海上 風力發電有限公司)	461,736,436.98	5.85	1,020,110.35
Total	6,026,458,810.92	76.31	19,538,984.27

13. SHORT-TERM LOANS

Unit: RMB

Item	June 30, 2020	December 31, 2019
Credit loans	18,531,059,661.21	14,246,581,618.90
Short-term loans interest payable	42,242,326.46	16,691,839.58
Total	18,573,301,987.67	14,263,273,458.48

As at June 30, 2020 and December 31, 2019, the Group had no overdue and unsettled short-term loans.

14. BILLS PAYABLE

Unit: RMB

Item	June 30, 2020	December 31, 2019
Commercial acceptance bills	10,180,040.53	24,936,897.30
Bank acceptance bills	1,623,632,518.40	2,593,446,897.71
Total	1,633,812,558.93	2,618,383,795.01

As at June 30, 2020 and December 31, 2019, the Group had no overdue and unsettled bills payable.

15. ACCOUNTS PAYABLE

(1) Accounts payable by aging

Unit: RMB

Aging	June 30, 2020	December 31, 2019
Less than 1 year	15,309,196,979.84	16,816,576,820.68
1 – 2 years	751,300,691.01	1,429,846,114.77
2 – 3 years	829,302,105.77	654,954,693.70
More than 3 years	1,388,854,782.78	1,082,102,135.94
Total	18,278,654,559.40	19,983,479,765.09

The aging is calculated from the date of recognition of accounts payable.

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

Unit: RMB

Name of creditors	Amount	Reason for outstanding or not transfer
Shanghai Electric Group Co., Ltd. (上海電氣集團股份有限公司)	258,300,915.40	Not yet settled
Dongfang Electric Corporation Limited (東方電氣股份有限公司)	233,389,811.58	Not yet settled
Nanfang Ventilator Co., Ltd. (南方風機股份有限公司)	88,804,324.68	Not yet settled
Jiangsu Shentong Valve Co., Ltd. (江蘇神通閥門股份有限公司)	55,384,486.84	Not yet settled
Shanghai First Machine Tool Works Co., Ltd. (上海第一機床廠有限公司)	47,681,952.42	Not yet settled
Total	683,561,490.92	

16. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Item	June 30, 2020	December 31, 2019
Long-term loans due within one year	13,963,959,902.87	19,409,032,724.59
Long-term loans interest payable	286,818,916.38	318,957,134.52
Bonds payable due within one year	1,998,589,756.58	2,499,772,044.29
Bonds payable interest payable	217,922,918.85	238,679,631.17
Post-employment benefit scheme liabilities due within one year	3,273,603.00	2,783,999.04
Lease liabilities due within one year	297,885,584.11	278,363,939.11
Total	16,768,450,681.79	22,747,589,472.72

17. LONG-TERM LOANS

Unit: RMB

Item	June 30, 2020	December 31, 2019
Credit loans	17,998,848,121.04	24,379,836,231.47
Guaranteed loans ⁽¹⁾	3,000,000,000.00	3,000,000,000.00
Pledged loans ⁽²⁾	154,138,239,902.07	159,011,962,139.45
Secured loans ⁽³⁾	630,244,746.06	877,046,513.14
Total	175,767,332,769.17	187,268,844,884.06
Less: Long-term loans due within one year	13,963,959,902.87	19,409,032,724.59
Long-term loans due after one year	161,803,372,866.30	167,859,812,159.47

- (1) In August 2012, Guangdong Nuclear Power Investment Co., Ltd. (廣東核電投資有限公司) ("GNIC"), a subsidiary of the Company, entered into the "Taiping Asset CGN Power Project Debt Investment Plan Investment Contract" (《太平資產-中廣核核電項目債權投資計劃投資合同》) with Taiping Asset Management Co., Ltd. (太平資產管理有限公司) ("Taiping Asset"), pursuant to which Taiping Asset initiated the establishment of "Taiping Asset CGN Power Project Debt Investment Plan" with the actual investment proceeds of RMB3.0 billion. The proceeds were invested in GNIC in the form of debts, and were used in the construction of nuclear power projects of Taishan Nuclear and Yangjiang Nuclear under GNIC. CGN provides a full unconditional irrevocable joint and several liability guarantee for all the obligations of GNIC under such contract to Taiping Asset. As at June 30, 2020, the loan had not expired.
- (2) Pledged loans are pledged by the Group with its interests under agreements of electricity sales and equity interest held.
- (3) Secured loans are secured by the Group's subsidiaries SNPRI and CGN Engineering with land use rights and buildings.

The range of annual interest rates of the above loans:

	For the six months ended June 30,		
Item	2020	2019	
Range of annual interest rates of the above loans	0.38% - 5.30%	0.37% - 5.30%	

18. BONDS PAYABLE

Unit: RMB

Category	June 30, 2020	December 31, 2019
Long-term bonds	2,000,000,000.00	4,499,772,044.29
Mid-term notes	6,991,957,616.83	6,987,133,846.98
Total	8,991,957,616.83	11,486,905,891.27
Less: Bonds payable due within one year	1,998,589,756.58	2,499,772,044.29
Bonds payable due after one year	6,993,367,860.25	8,987,133,846.98

19. PROVISIONS

Item	June 30, 2020	December 31, 2019
Provision for nuclear power plant decommissioning ⁽¹⁾	4,555,503,350.88	4,415,795,933.61
Provision for low and medium level radioactive waste disposals ⁽²⁾	439,584,340.62	493,740,971.87
Others	14,511,626.06	1,092,684.47
Total	5,009,599,317.56	4,910,629,589.95

- (1) It is the discounted value of the best estimate of the expected cost of processing the nuclear power facilities decommissioning of the Group.
- (2) It is the best estimate of the expected disposal cost of low and medium level radioactive waste generated by NPPs.

20. SHARE CAPITAL

Unit: RMB

	June 30, 2020	December 31, 2019
Restricted shares		
Domestic shares (A shares)	36,810,055,000.00	37,287,744,526.00
Including: CGNPC	29,176,641,375.00	29,176,641,375.00
Guangdong Hengjian Investment Holdings Co., Ltd. (廣東恒健投 資控股有限公司)	3,428,512,500.00	3,428,512,500.00
Other domestic shares	4,204,901,125.00	4,682,590,651.00
Subtotal	36,810,055,000.00	37,287,744,526.00
Unrestricted shares		
Domestic shares (A shares)	2,524,931,100.00	2,047,241,574.00
Including: Other domestic shares	2,524,931,100.00	2,047,241,574.00
Overseas listed foreign shares (H shares)	11,163,625,000.00	11,163,625,000.00
Including: CGNPC	7,450,000.00	-
Other foreign shares	11,156,175,000.00	11,163,625,000.00
Subtotal	13,688,556,100.00	13,210,866,574.00
Total	50,498,611,100.00	50,498,611,100.00

On March 26, 2020 (the "**Date of Increase**"), CGNPC, the controlling shareholder of the Company, increased its holdings of the H shares of the Company by 2,970,000 shares with its own funds. CGNPC plans to continue to increase its holdings of H shares of the Company within 12 months from the Date of Increase, and the cumulative increase in holdings will not exceed 2% of the total number of issued H shares of the Company as of the Date of Increase. As at June 30, 2020, CGNPC has increased its holdings of 7,450,000.00 H shares of the Company.

21. DIVIDEND

During the Reporting Period, a final dividend of RMB0.076 per share (tax inclusive) was declared to the shareholders of the Company in respect of the year ended December 31, 2019, amounting to a total of RMB3,837,873,610.56 (tax inclusive), which was approved by the shareholders at the 2019 annual general meeting, 2020 first H shareholders' class meeting and 2020 first A shareholders' class meeting convened on May 20, 2020.

22. SHARE-BASED PAYMENT

(1) Overall share-based payment

Units: Units

Item	During the period from January 1 to June 30, 2020		During the period from January 1 to June 30, 2019	
	First grant	Second grant	First grant	Second grant
Total equity instruments of the Company at the beginning of the period	129,946,651	462,360,003	207,599,986	543,640,000
Total equity instruments granted by the Company during the period	-	-	-	-
Total equity instruments exercised by the Company during the period	-	4,062,500	-	-
Total equity instruments of the Company that have expired during the period	3,839,930	4,970,005	13,040,003	60,820,000
Total equity instruments of the Company at the end of the period	126,106,721	453,327,498	194,559,983	482,820,000
The range of exercise prices of outstanding share appreciation rights of the Company at the end of the period and the remaining period of the contracts	HKD3.50	HKD1.8393	HKD3.50	HKD2.09
	0.46-1.46 years	2.45 - 4.45 years	0.46-2.46 years	3.46-5.46 years

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

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

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

According to the exercise arrangement of the second grant of the incentive scheme, before the exercise of the right, if events such as capitalization of capital reserve, distribution of bonus shares, share subdivision or consolidation, rights issue, secondary offering or dividend distribution occur to the listed company before the exercise of SAR, corresponding adjustment to the exercise price of SAR shall be made. However, under no circumstances shall any adjustment results in the exercise price being lower than the par value of the shares. On January 8, 2020, the Board adopted the second grant of the adjustment plan of the exercise price of SAR, adjusting the exercise price of SAR granted in the second grant of the adjustment plan of the exercise price of SAR, adjusting the exercise price of SAR granted in the second grant of the adjustment plan of the exercise price of SAR, adjusting the exercise price of SAR granted in the second phase from HKD1.9223/share to HKD1.8393/share, which became effective on May 22, 2020.

Each unit of SAR is notionally linked to one H Share and represents the rights conferred on the relevant Incentive Recipients to receive in cash stipulated earnings from the increase in market value of the relevant H share. The SAR will have to be exercised within the specified services periods and the exercise period is three years after the respective vesting dates. In addition, the exercise of SAR is also subject to the performance condition of the Group and Incentive Recipients including achievements of certain performance targets.

A total of 3,839,930 units under the initial implementation plan of the SAR have expired. A total of 4,970,005 units under secondary implementation plan of the SAR have expired. A total of 4,062,500 units under the secondary implementation plan of the SAR have been exercised.

Unit: RMB

Item	For the period from January 1 to June 30, 2020	For the period from January 1 to June 30, 2019
Methods for determining fair value of liabilities undertook by the Company and calculated by share or other equity instruments	Black-Scholes options valuation model	Black-Scholes options valuation model
Accumulated liabilities arising from cash-settled share-based payment in liabilities	16,684,216.95	100,844,490.59
Total fees recognized in respect of cash-settled share-based payment during the period	(40,487,396.21)	38,724,266.09

The fair value of share-based payment is measured by using the Black-Scholes Model, inputs used in the model are as follows:

Item	June 30, 2020	December 31, 2019
Share price (HKD)	1.60	2.08
Expected volatility	20.99% - 31.00%	18.94% - 31.94%
Expected dividend yield	5.189% - 5.266%	4.051%

The first grant under the Scheme:

Item	June 30, 2020	December 31, 2019
Exercise price (HKD)	3.50	3.50
Expected term	0.46 – 1.46 years	0.96 – 1.96 years
Risk-free rate	0.206% - 0.244%	1.734% - 1.831%
Fair value (HKD)	0.0000075 - 0.0002343	0.0003 - 0.0049

The second batch of the Scheme:

Item	June 30, 2020	December 31, 2019
Exercise price (HKD)	1.8393	2.09
Expected term	2.45 – 4.45 years	2.95 – 4.95 years
Risk-free rate	0.249% - 0.223%	1.657% - 1.716%
Fair value (HKD)	0.0711-0.1094	0.18 - 0.40

The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. Changes in variables of specific assumptions may result in changes in the value of the options. The expected volatility is determined with reference to the historical volatility of the stock prices of the Group and other listed power generation companies. The expected term used in the model has been adjusted based on the management's best estimates on the restrictions imposed in respect of the non-transferability and behavioral considerations.

23. BREAKDOWN OF NON-RECURRING GAINS OR LOSSES

T4	For the six months ended June 30,		
Item	2020	2019	
Gains or losses from disposal of non-current assets	209,089.84	143,073,493.12	
Government grants recognized in profit or loss for the current period (except for those closely related to the Company's business and for fixed or quantitative purposes in accordance with national uniform standards)	84,070,534.49	112,178,208.53	
Except for the effective hedging transactions related to the normal operation of the Company, the gains or losses from changes in fair value arising from holding financial assets and liabilities held for trading, as well as the investment income arising from disposal of financial assets and liabilities held for trading and available-for-sale financial assets	(1,753,857.54)	1,259,271.58	
Reversal of impairment provision for receivables which are impaired individually	-	1,236,300.00	
Other non-operating income and expenses other than the items above, net	(30,409,522.63)	(2,842,423.65)	
Other gains or losses items that meet the definition of non-recurring gains or losses	19,721,499.66	(1,316,174.84)	
Total	71,837,743.82	253,588,674.74	
Income tax effect of non-recurring gains or losses	9,883,726.45	37,713,768.36	
Effect of non-recurring gains or losses attributable to non-controlling interests	(332,335.45)	7,385,069.94	
Effect of non-recurring gains or losses attributable to shareholders of the parent company, net	62,286,352.82	208,489,836.44	

FINANCE, ASSETS AND INVESTMENTS

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

Key Financial Indicators

	For the six months ended June 30,		
Item	2020	2019	
Indicators of profitability			
EBITDA margin (%) ⁽¹⁾	59.0	62.3	
Net profit margin (%) ⁽²⁾	25.0	28.0	
Indicators of investment returns			
Return on equity (excluding non-controlling interests) $(\%)^{(3)}$	5.8	7.0	
Return on total assets (%) ⁽⁴⁾	3.4	3.2	
Indicators of solvency			
Interest coverage (5)	2.8	2.4	
	June 30,	December 31,	
Item	2020	2019	
Indicators of solvency			
Asset-liability ratio $(\%)^{(6)}$	64.3	65.1	
Debt to equity ratio (%) ⁽⁷⁾	138.7	143.0	

Notes:

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

Financial Results Analysis

	For the six months	s ended June 30,		
	2020 RMB'000	2019 RMB'000	Fluctuations increase/ (decrease) RMB'000	Percentage change increase/ (decrease)
Operating revenue	31,506,671.86	26,522,681.42	4,983,990.44	18.8
Operating costs	18,089,579.05	14,830,818.16	3,258,760.89	22.0
Finance costs ⁽¹⁾	4,314,414.74	3,616,099.42	698,315.32	19.3
Other gains ⁽²⁾	1,177,052.33	1,407,113.21	(230,060.88)	(16.3)
Investment income ⁽³⁾	422,246.05	639,744.28	(217,498.23)	(34.0)
Including: Income from investment in				
associates ⁽⁴⁾	417,541.09	471,868.92	(54,327.83)	(11.5)
Non-recurring gains or losses ⁽⁵⁾	71,837.74	253,588.67	(181,750.93)	(71.7)
Net profit attributable to shareholders				
of the parent company	5,205,219.11	5,022,584.90	182,634.21	3.6
Net profit attributable to shareholders of the parent company (excluding the effects of				
non-recurring gains or losses)	5,142,932.76	4,814,095.07	328,837.69	6.8

- (1) The increase in finance costs was primarily due to the fact that we ceased to capitalize interest expenses and included such expenses in finance costs as a result of the commencement of commercial operation of Yangjiang Unit 6 and Taishan Unit 2 in July 2019 and September 2019, respectively.
- (2) The decrease in other gains was primarily due to the lower value-added tax refunds over the corresponding period of previous year as affected by the reduction in value-added tax rate and the progress of value-added tax refunds.
- (3) The decrease in investment income was primarily due to the investment income of approximately RMB140 million from CGN Engineering's disposal of its subsidiary Shanghai Engineering Science & Technology Co., Ltd (上海中廣核工程科技有限公司) in the first half of 2019, and the decrease in income from investment in associates by approximately RMB50 million.
- (4) The decrease in income from investment in associates was primarily due to the lower net profit of Hongyanhe Nuclear, being our associate, over the corresponding period of previous year.
- (5) The decrease in non-recurring gains or losses was primarily due to the investment income of approximately RMB140 million from CGN Engineering's disposal of its subsidiary Shanghai Engineering Science & Technology Co., Ltd (上海中廣核工程科技有限公司) in the first half of 2019.

Revenue from Operations

	For the six months	s ended June 30,		
	2020 RMB'000	2019 <i>RMB'000</i>	Fluctuations increase/ (decrease) RMB'000	Percentage change increase/ (decrease) %
Revenue from principal				
business operations	31,459,685.97	26,433,432.33	5,026,253.64	19.0
Including: Sales of electricity ⁽¹⁾	27,128,789.86	23,318,272.80	3,810,517.06	16.3
Construction, installation and				
design services ⁽²⁾	3,622,560.08	2,466,203.74	1,156,356.34	46.9
Revenue from other business operations	46,985.89	89,249.09	(42,263.20)	(47.4)
Total revenue from business operations	31,506,671.86	26,522,681.42	4,983,990.44	18.8

- (1) The increase in revenue from sales of electricity was primarily due to the commencement of commercial operation of Yangjiang Unit 6 and Taishan Unit 2 in July 2019 and September 2019, respectively.
- (2) The increase in revenue from construction, installation and design services was primarily due to the increase in the construction volume of Huizhou Nuclear Power Project and wind power project by CGN Engineering.

Cost of Operations

For the six months ended June 30,				
	2020 RMB'000	2019 RMB'000	Fluctuations increase/ (decrease) RMB'000	Percentage change increase/ (decrease)
Cost of principal business operations	18,055,650.77	14,759,234.17	3,296,416.60	22.3
Including: Cost of sales of electricity Of which: Cost of	13,647,209.86	11,752,612.16	1,894,597.70	16.1
nuclear fuel ⁽¹⁾ Depreciation of	3,937,170.97	3,572,453.54	364,717.43	10.2
fixed assets ⁽²⁾ Provision for spent	5,137,116.61	4,073,987.70	1,063,128.91	26.1
fuel management (3) Construction, installation and	880,699.19	746,336.85	134,362.34	18.0
design services ⁽⁴⁾	3,616,036.01	2,413,844.53	1,202,191.48	49.8
Other costs of business operations	33,928.28	71,583.99	(37,655.71)	(52.6)
Total cost of operations	18,089,579.05	14,830,818.16	3,258,760.89	22.0

- (1) The increase in cost of nuclear fuel was primarily due to the commencement of commercial operation of Yangjiang Unit 6 and Taishan Unit 2 in July 2019 and September 2019, respectively.
- (2) The increase in depreciation of fixed assets was primarily due to the commencement of commercial operation of Yangjiang Unit 6 and Taishan Unit 2 in July 2019 and September 2019, respectively.
- (3) The increase in provision for spent fuel management was primarily due to the commencement of provision and payment for spent fuel management as Yangjiang Unit 1 and Ningde Unit 2 commenced commercial operation for five years in March 2019 and May 2019, Yangjiang Unit 2 and Ningde Unit 3 commenced commercial operation for five years in June 2020.
- (4) The increase in cost of construction, installation and design services was primarily due to the increase in the construction volume of Huizhou Nuclear Power Project and wind power project by CGN Engineering.

Financial Position

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

			Fluctuations	Percentage
	June 30,	December 31,	increase/	change increase/
	2020	2019	(decrease)	(decrease)
	RMB'000	RMB'000	RMB'000	%
Bank and other borrowings ⁽¹⁾	203,290,350.05	213,002,332.39	(9,711,982.34)	(4.6)
Receivables ⁽²⁾	23,967,963.23	20,918,941.30	3,049,021.93	14.6
Payables ⁽³⁾	31,868,906.68	27,962,902.55	3,906,004.13	14.0
Inventories ⁽⁴⁾	17,529,956.59	18,370,637.24	(840,680.65)	(4.6)
Fixed assets and intangible assets ⁽⁵⁾	257,307,596.29	261,891,721.74	(4,584,125.45)	(1.8)

- (1) Bank and other borrowings comprise short-term loans, long-term loans, bonds payable, and long-term loans and bonds payable due within one year. The decrease in bank and other borrowings was primarily due to the higher repaid loan amount for the Reporting Period as a result of the increase in net cash flows from operating activities and the decrease in cash paid for investment.
- (2) Receivables comprise bills receivable, accounts receivable, prepayments, contract assets and other receivables. The increase in receivables was primarily due to the change in the procurement of nuclear fuel from the commissioned processing method to the procurement of components. Payments made before the arrival of nuclear fuel components are included in prepayment, resulting in a significant increase in prepayments.
- (3) Payables comprise bills payable, accounts payable, receipts in advance, contract liabilities and other payables. The increase in payables was primarily due to the significant increase in dividends payable on June 30, 2020 as compared to December 31, 2019 as the Company distributed the 2019 final dividend on July 10, 2020.

- (4) The decrease in inventories was mainly due to the change in the procurement of nuclear fuel from the commissioned processing method to the procurement of components. The amount paid before the arrival of nuclear fuel components was included in prepayments, resulting in a significant reduction in the amount included in inventories.
- (5) The decrease in fixed assets and intangible assets was primarily due to the decrease in net fixed assets as a result of the provision of depreciation of fixed assets.

Cash Flow Analysis

In the first half of 2020, the Company's cash flow position was better than the corresponding period of previous year, in which the net inflow of cash from operating activities increased by RMB186.9 million as compared with the corresponding period of 2019, mainly because the income increased as compared with the corresponding period of 2019. The net outflow of cash from investment activities decreased by RMB4,440.5 million as compared with the corresponding period of 2019, mainly due to the increase by RMB2,793.9 million attributable to time deposit maturity and the decrease in cash paid for investment after the commencement of commercial operation of Yangjiang Unit 6 and Taishan Unit 2. The net outflow of cash from financing activities increased by RMB6,173.9 million as compared with the corresponding period of 2019, mainly due to the cash paid for debt repayment increased by RMB7,664.3 million as compared with the corresponding period of 2019.

	For the six months	ended June 30,		
	2020 RMB'000	2019 RMB'000	Fluctuations increase/ (decrease) RMB'000	Percentage change increase/ (decrease) %
Net cash flows from operating activities Net cash flows from investment	15,006,857.09	14,819,994.23	186,862.86	1.3
activities	(3,270,916.00)	(7,711,427.65)	4,440,511.65	57.6
Net cash flows from financing activities	(15,304,544.81)	(9,130,602.83)	(6,173,941.98)	(67.6)

(II) ASSETS AND INVESTMENTS

The Group was mainly engaged in the investment in construction of nuclear power generating units, technical improvement in the NPPs in operation, and research and development of technologies relating to nuclear power for the six months ended June 30, 2020.

INVESTMENT IN FIXED ASSETS

For the six months ended June 30, 2020, the Group's investment in fixed assets amounted to approximately RMB4,135.3 million, representing a decrease of RMB3,609.1 million or 46.6% from RMB7,744.4 million in the corresponding period in 2019.

SIGNIFICANT INVESTMENTS IN EQUITY

For the six months ended June 30, 2020, the Group increased its capital investment in associates by RMB198.5 million, of which RMB178.1 million and RMB20.4 million were injected to Hongyanhe Nuclear and CGN Industry Investment Fund Phase I Co., Ltd (中廣核一期產業投資基金有限公司), respectively.

MATERIAL ACQUISITION AND DISPOSAL

The Group had no material acquisition or disposal for the six months ended June 30, 2020.

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 June 30, 2020, the Company had used RMB20,636.8 million of the net proceeds for the purposes as set out in the prospectus of the Company (the "**Prospectus**"), representing 95.5% of the net proceeds from the offering.

Unit: RMB'000

	Cumulative amount	
Item	As at June 30, 2020	As at December 31, 2019
Net proceeds from the listing	21,603,535	21,603,535
Less: Proceeds used	20,636,796	20,636,796
Among which: Acquisition of 60% of the equity interest in Taishan		
Nuclear Power Industry Investment Co., Ltd. and		
12.5% of the equity interest in Taishan Nuclear	9,700,196	9,700,196
Capital expenditure for NPPs under construction	8,714,300	8,714,300
Research and development activities	888,900	888,900
Replenishment of working capital	1,333,400	1,333,400
Proceeds unused (will be used in accordance with the purpose of the	, ,	, ,
proceeds approved by the 2019 annual general meeting)	966,739	966,739

In view of the development situation of international nuclear power in recent years, the Company has not determined the specific target of developing overseas market, nor has it carried out overseas projects. Moreover, it is expected that there will be no overseas investment projects in the next few years. Therefore, the proceeds for overseas market development listed in the Prospectus have not been used. In view of the orderly progress of the Company's nuclear power projects under construction, in order to improve the utilization efficiency of the proceeds and reduce the proceeds precipitation, the Company changed the use of the remaining unused proceeds with the approval of the 2019 annual general meeting on May 20, 2020, and the proceeds for overseas market development as listed in the Prospectus, that is, the unused proceeds of about RMB966.739 million, will be changed for the construction of Fangchenggang Units 3 and 4, and the interest and exchange income thereby generated will also be used for the construction of Fangchenggang Units 3 and 4. As at June 30, 2020, the remaining net proceeds unused and the interest and exchange income thereby generated amounted to RMB1,155.5 million in aggregate. The Company will use the total amount of unused proceeds before the end of 2020 according to the use of proceeds approved by the 2019 annual general meeting.

The Company issued 5,049,861,100 RMB ordinary shares (A shares) on the SZSE in August 2019 through the initial public offering with net proceeds of RMB12,389.8 million after deducting various issuance costs. As of December 31, 2019, the Company had used all of the net proceeds. For details, please refer to the supplemental announcement of the Company published on July 22, 2020.

External Financing Environment

In the first half of 2020, as affected by the COVID-19, global economic growth slowed down, and international trade and investment suffered from significant shrinkage, leading to increased uncertainties. The Eurozone economy sank into recession, and the European Central Bank introduced a monetary easing policy to support economic recovery as well as the stability of the Euro. The economic activities in the United States had stagnated due to the continued impact of the COVID-19. The Federal Reserve System of the United States lowered the federal funds rate to 0% to 0.25%. Such ultra-loose monetary policy avoided a liquidity crisis, but its effect on economic recovery remained uncertain. The gross domestic product ("GDP") in China declined by 1.6% year on year. With the effective control of the COVID-19 pandemic and after the slowdown in economic growth in the first quarter, China's economy recovered steadily in the second quarter. In the first half of 2020, interest rates in the domestic market were at low levels, and the financing interest rate of the Company remained stable with a slight decrease. The RMB exchange rate fluctuates in both directions, and exchange rate risks still need attention.

In the first half of 2020, the Company comprehensively strengthened the organization, coordination, support and risk monitoring of financing, making full use of various financing channels, ensuring capital security and controlling financing costs. At the same time, we continuously monitored foreign currency debt exchange rate risk exposure and prevented the risk of exchange rate fluctuations.

Equity Financing

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

Debt Financing

In the first half of 2020, we continued to improve diversified ways of financing, reasonable mix of currencies and term structure so as to provide stable and economical source of funding for the business development of the Company. As of June 30, 2020, the Group's total borrowings amounted to RMB203,290.4 million with major financing channels including bank borrowings (approximately 93.3%), bond financing (approximately 4.4%), entrusted loans and insurance debt, etc. We maintained a debt structure mainly comprising RMB-denominated and long-term debts, which not only satisfied our operational characteristics of focusing on nuclear power projects, but also effectively prevented liquidity risks and systematic exchange rate risks.

In the first half of 2020, in pace with the trend of the interest rate liberalization reform, the Company converted the basis of pricing for its existing long-term project loans to loan prime rate (LPR), and the interest rate level declined after the conversion, which will have a positive impact on the Company's finance cost saving in 2020.

In May 2020, the Company completed the registration for the ultra-short-term financing notes amounting to RMB5,000.0 million, and will continue to proceed with the registration for the medium-term notes amounting to RMB10,000.0 million, which will be issued in a timely manner based on market conditions and the Company's capital needs.

Debt Risk Management

In recent years, we proactively eliminated our exposure to risk on foreign exchange rate associated with debts denominated in foreign currencies by stages and in batches through various measures including forward transactions, debts replacement and early repayment, and actively changed our financing methods for foreign business contracts to exercise control over new debts denominated in foreign currencies, thereby effectively reduced the impact of major risks in exchange rate. In the first half of 2020, the Company adhered to the established strategies and continued to adopt relevant measures to minimize the impact from the fluctuation in RMB exchange rates. As compared with the end of 2019, the Group's total bank borrowings denominated in foreign currencies slightly decreased at the end of the Reporting Period.

To manage liquidity risks, we monitored and maintained our cash and cash equivalents as well as the level of unutilized banking facilities. As of June 30, 2020, we had credits for unutilized general banking facilities of RMB115,216.6 million, credits for ultra-short-term financing notes being readily available for public offering of RMB5,000.0 million and cash at bank and in hand of RMB13,345.8 million, for the provision of sufficient cash support for the operation of the Company and the reduction in the impact from cash flow fluctuation.

Credit Rating

In May 2020, China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司) assessed the credit rating of the Company, and based on the reasons that "the Company's projects under construction are being put into operation and the operations of nuclear power generating units in operation are stable", it concluded that "the power generation capacity of the Company will be further strengthened and the on-grid power generation will continue to increase with stronger profitability and cash generating ability" and maintained our AAA credit rating with stable outlook.

Contingencies

External Guarantees

The Group confirmed that, as of June 30, 2020, the Group had not provided any external guarantee.

Assets with Restricted Ownership

As of June 30, 2020, the Group's assets pledged to banks and related parties or with restricted ownership due to other reasons amounted to RMB19,299.1 million in carrying value, which secured loans for the Group. As of December 31, 2019, the carrying value of the Group's assets pledged to banks and related parties or with restricted ownership due to other reasons was RMB20,072.6 million.

As of June 30, 2020 and December 31, 2019, the electricity tariff collection rights of Lingdong Nuclear, Yangjiang Nuclear, Fangchenggang Nuclear, Ningde Nuclear and Taishan Nuclear were pledged to secure the facilities and loans from banks and related parties to these entities.

Legal Proceedings

The Group confirmed that, for the six months ended June 30, 2020, there was no significant litigation against the Group, and the Board was not aware of any pending or threatened litigation against the Group which had or could have a material and adverse effect on the financial conditions or operations of the Group.

Investment Direction

Based on the strategies and business development needs of the Company, the Company will finance the construction of NPPs under construction according to its investment schedules, continue to fund the technological improvement in NPPs in operation to enhance operation, make continuous investment in the research, development and innovation of technologies, and fund the acquisitions of contingent assets in the second half of 2020. In addition, the Company will also carry out relevant investment activities at appropriate time by exercising its rights to acquire retained businesses as set out in the non-competition deed entered into with CGNPC, thereby laying a solid foundation for the Company's future development.

BUSINESS PERFORMANCE AND OUTLOOK

(I) Industry Overview

At the beginning of 2020, the unexpected outbreak of the COVID-19 had a great impact on China's economic and social development. While putting effective pandemic prevention and control measures in place, work and production have resumed across the country in an orderly manner, paving the way for the recovery and improvement in economic and social development. According to the data released by the National Bureau of Statistics on July 16, 2020, the GDP in the first half of 2020 decreased by 1.6% year on year; quarterly, the GDP decreased by 6.8% in the first quarter and increased by 3.2% in the second quarter, both year on year. All these demonstrated that, China gradually overcame the adverse economic impacts brought about by the COVID-19 in the first half of 2020, showing a momentum of recovered growth and steady recovery in its economic operation. The fundamentals of a steadily growing economy in China have remained unchanged.

On May 22, 2020, the National Development and Reform Commission submitted the Report on the Implementation of the 2019 Plan for National Economic and Social Development and on the 2020 Draft Plan for National Economic and Social Development Plan (《關於2019年國民經濟和社會發展計劃執行情況與2020年國民經濟和社會發展計劃草案的報告》) at the third meeting of the 13th National People's Congress, which proposed the safe development of advanced nuclear power. On June 5, 2020, the National Energy Administration published the Guiding Opinions on Energy Work for 2020 (《2020年能源工作指導意見》), which clearly pointed out that it is necessary to develop nuclear power safely, continue to implement the provisional measures for nuclear power offtake under the condition of securing nuclear safety, and strive for more generation of power with full capacity.

Along with the further resumption of work and production in China, the power demand in the whole society has gradually rebounded. According to the Briefings on the Operation of the National Power Industry from January to June 2020 (《2020年1-6月份全國電力工業運行簡況》) published by the China Electricity Council (the "CEC"), in the first half of 2020, the electricity consumption in China decreased by 1.3% year on year, in particular, the electricity consumption in China in June increased by 6.1% over the corresponding period of previous year. In the first half of 2020, the national average utilization hours of power generating units was 1,727 hours, representing a year-on-year decrease of 107 hours, and the average utilization hours of nuclear power was 3,519 hours, a year-on-year increase of 90 hours. We believe that the electricity consumption of China will continue to recover in the second half of the year.

Meanwhile, the pace of the national power system reform accelerated, and the share of electricity traded in each provincial market further expanded, gradually improving the power trading system. We actively communicated with local governments, power grids and other units to strive for more shares of planned on-grid power generation. At the same time, by closely monitoring the industry and market situation, and further exploring the trading pattern in the electricity market, we actively participated in market-oriented trading to seize market opportunities for more power generation and better power tariff.

(II) Business Performance and Analysis

In the first half of 2020, we managed 24 nuclear power generating units in operation and five nuclear power generating units under construction (including one unit under construction which was entrusted to the Company by the controlling shareholder of the Company for management). The operations of the nuclear power generating units in operation managed by us were safe and stable, and the construction of the nuclear power generating units under construction progressed orderly. We hereby report primarily on the business performance of our nuclear power generating units in operation and under construction during the first half of 2020, and our work in respect of human resources and social responsibilities.

Safety management

Safety is crucial to any company. We always adhere to the concept of "Nuclear Safety is Paramount" and our basic principle of "Safety First, Quality Foremost, Pursuit of Excellence", and apply them to various stages of the design, construction, operation and decommissioning of the NPPs. Based on our experience in nuclear power operation over the years, we have established a mature safety management system.

In the first half of 2020, we actively responded to the impacts brought by the COVID-19, strictly put the pandemic prevention and control measures in place, and strengthened the safety management of work and production resumption. Fighting against the pandemic on two fronts, namely preventing pandemic and guaranteeing power supply, we established four lines of defense comprising personnel management, working area, production activities and support with supplies, to ensure the personal safety of employees and the safe and stable operation of our generating units. We were also invited to join the global nuclear power station medical expert working team organized by the World Association of Nuclear Operators ("WANO") to fully share the pandemic prevention information and preventive measures, providing practical experience on pandemic prevention for the nuclear power stations worldwide.

In April 2020, we initiated the safety management leadership conference for the fifth consecutive year, which focused on "maintaining nuclear safety", aiming at continuous improvement in the Company's safety management with the spirit of perseverance and building a foundation for development in the new era. In order to further strengthen the implementation and performance of safety management actions, the Company implemented for the first time a special inspection and supervision mechanism for safety management led by senior management in every nuclear power base from May to June 2020. Under such leadership, we fostered a culture drawing everyone's attention to safety, encouraging everyone's participation in safety, and facilitating everyone's supervision on safety, which enabled the Company to reinforce accountability at all levels and strengthen execution in safety management.

We continued to launch activities such as "On-site Management", "Observing Nuclear Safety from Compliance with Procedures" and "Precautionary Education on Nuclear Safety" so as to enhance the nuclear safety culture awareness among all employees. At the same time, we continued to promote internal and external supervision as well as dynamic and transparent experience feedback. We organized regular emergency drills under different emergent scenarios and ensured effective operation of safety management system so as to promote the further enhancement of the Company's safety management level.

In the first half of 2020, 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, the NPPs we operated and managed have maintained our all-time good safety record of no nuclear incident at level 2^{note} or above.

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

Nuclear power generating units in operation

For the six months ended June 30, 2020, we had 24 nuclear power generating units in operation. The on-grid power generation figures (unit: GWh) of our NPPs are as follows:

	For the six months ended June 30,		Change rate for the same period
Name of NPP	2020	2019	(%)
From subsidiaries			
Daya Bay NPP	8,368.19	7,659.88	9.25
Ling'ao NPP	7,126.06	6,643.73	7.26
Lingdong NPP	6,830.87	7,245.91	-5.73
Ningde NPP	13,806.93	12,637.64	9.25
Yangjiang NPP*	20,569.56	18,620.89	10.46
Fangchenggang NPP	7,680.15	7,277.10	5.54
Taishan NPP*	11,688.50	5,561.38	110.17
Subsidiaries, total	76,070.27	65,646.52	15.88
From associates			
Hongyanhe NPP	14,278.41	14,305.79	-0.19
Subsidiaries and associates, total	90,348.68	79,952.31	13.00

^{*} Yangjiang Unit 6 commenced commercial operation on July 24, 2019. Taishan Unit 2 commenced commercial operation on September 7, 2019.

In the first half of 2020, the Company strengthened communication with local governments and local power grids, and actively strived for more volume of planned power generation and market-based power generation, developed incremental markets, and participated in cross-regional power transmission. According to the electricity demand in China and the operating status of the generating units, we further optimized our outage plans of the units to increase the power generation capacity. We completed six refueling outages among our 24 nuclear power generating units in operation in the first half of 2020. The total number of calendar days for the refueling outages was about 200 days.

With our efforts, the aggregated on-grid electricity generation of the Group and its associates increased by 13.00% in the first half of 2020 as compared with the corresponding period of 2019 (excluding the effect of Yangjiang Unit 6 and Taishan Unit 2's commencement of operations in July and September 2019 respectively, the total on-grid power generation of other 22 nuclear power generating units operated and managed by the Group in the first half of 2020 is about 80,962.26 GWh, representing an increase of 1.26% over the corresponding period of 2019). For details of the sales of electricity, please refer to section headed "Sales of Electricity" in this announcement.

Operation Performance

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

The details of the operation performance of generating units we operated and managed in the first half of 2020 are as follows:

	Capacity factor (%) For the six months ended June 30,		For the six i	nctor (%) months ended ne 30,	Utilization hours (hours) For the six months ended June 30,		
Nuclear power generating unit	2020	2019	2020	2019	2020	2019	
From subsidiaries							
Daya Bay Unit 1	99.99	99.96	101.77	101.65	4,446	4,417	
Daya Bay Unit 2 ¹	99.99	84.60	101.63	85.85	4,440	3,730	
Ling'ao Unit 1 ²	100.00	99.98	81.52	92.04	3,560	3,997	
Ling'ao Unit 2 ³	100.00	74.05	90.65	69.48	3,958	3,017	
Lingdong Unit 1 ⁴	82.35	99.99	75.47	89.87	3,294	3,901	
Lingdong Unit 2 ⁵	85.46	78.73	77.80	73.79	3,396	3,203	
Yangjiang Unit 16	97.00	99.98	88.01	100.76	3,844	4,373	
Yangjiang Unit 2 ⁷	89.72	80.38	68.47	74.10	2,991	3,259	
Yangjiang Unit 38	72.56	99.98	66.08	94.11	2,886	4,094	
Yangjiang Unit 49	94.17	99.97	84.70	75.92	3,699	3,311	
Yangjiang Unit 5 ¹⁰	91.58	81.87	75.95	73.31	3,317	3,216	
Yangjiang Unit 6 ¹¹	93.73	Under	79.15	Under	3,457	Under	
		construction		construction		construction	
Fangchenggang Unit 1 ¹²	82.57	99.56	72.54	94.34	3,467	4,098	
Fangchenggang Unit 2 ¹³	99.98	84.17	90.53	70.30	4,064	3,054	
Ningde Unit 1 ¹⁴	83.26	96.60	68.11	83.89	2,975	3,644	
Ningde Unit 2 ¹⁵	99.99	99.99	81.63	67.65	3,566	2,939	
Ningde Unit 3 ¹⁶	100.00	83.15	82.65	69.96	3,610	3,039	
Ningde Unit 4 ¹⁷	98.51	81.71	79.59	66.72	3,476	2,898	
Taishan Unit 1 ¹⁸	95.66	82.78	87.69	78.14	3,569	3,394	
Taishan Unit 2 ¹⁹	97.03	Under	93.04	Under	3,594	Under	
		construction		construction		construction	
From associates							
Hongyanhe Unit 1 ²⁰	99.99	80.44	93.08	79.62	4,066	3,459	
Hongyanhe Unit 2	81.66	83.01	76.05	79.45	3,322	3,452	
Hongyanhe Unit 3 ²¹	99.75	85.05	58.28	82.17	2,546	3,570	
Hongyanhe Unit 4 ²²	90.05	99.62	84.81	72.32	3,705	3,142	
From subsidiaries and associates							
Average	93.13	89.80	81.63	80.56	3,545	3,501	

Notes:

- 1. Daya Bay Unit 2 did not conduct any refueling outage in the first half of 2020 and completed a refueling outage for the corresponding period of previous year.
- 2. Ling'ao Unit 1 had a longer time of temporary operation at reduced load or shutdown for standby at the request of power grid in the first half of 2020 as compared with the corresponding period of previous year.
- 3. Ling'ao Unit 2 did not conduct any refueling outage in the first half of 2020 and completed a refueling outage for the corresponding period of previous year.
- 4. Lingdong Unit 1 completed a refueling outage in the first half of 2020 and did not conduct any refueling outage for the corresponding period of previous year.
- 5. Lingdong Unit 2 completed a refueling outage in the first half of 2020 and the corresponding period of previous year. The time of refueling outage in the first half of 2020 was shorter compared with the corresponding period of last year.
- 6. Yangjiang Unit 1 had a longer time of temporary operation at reduced load or shutdown for standby at the request of power grid in the first half of 2020 as compared with the corresponding period of previous year.
- 7. Yangjiang Unit 2 did not conduct any refueling outage in the first half of 2020 and completed a refueling outage for the corresponding period of previous year, and had a longer time of temporary operation at reduced load or shutdown for standby at the request of power grid in the first half of 2020 as compared with the corresponding period of previous year.
- 8. Yangjiang Unit 3 completed a refueling outage in the first half of 2020 and did not conduct any refueling outage for the corresponding period of previous year.
- 9. Yangjiang Unit 4 had a shorter time of temporary operation at reduced load or shutdown for standby at the request of power grid in the first half of 2020 as compared with the corresponding period of previous year.
- 10. Yangjiang Unit 5 did not conduct any refueling outage in the first half of 2020 and completed a refueling outage for the corresponding period of previous year, and had a longer time of temporary operation at reduced load or shutdown for standby at the request of power grid in the first half of 2020 as compared with the corresponding period of previous year.
- 11. Yangjiang Unit 6 commenced commercial operation on July 24, 2019.
- 12. Fangchenggang Unit 1 completed a refueling outage in the first half of 2020 and did not conduct any refueling outage for the corresponding period of previous year.
- 13. Fangchenggang Unit 2 did not conduct any refueling outage in the first half of 2020 and completed a refueling outage for the corresponding period of previous year.
- 14. Ningde Unit 1 completed a refueling outage in the first half of 2020, and completed a refueling outage which was carried over to the following year for the corresponding period of previous year. The time of refueling outage in the first half of 2020 was shorter compared with the corresponding period of last year.
- 15. Ningde Unit 2 had a shorter time of temporary operation at reduced load or shutdown for standby at the request of power grid in the first half of 2020 as compared with the corresponding period of previous year.
- 16. Ningde Unit 3 did not conduct any refueling outage in the first half of 2020 and completed a refueling outage for the corresponding period of previous year.
- 17. Ningde Unit 4 did not conduct any refueling outage in the first half of 2020 and completed a refueling outage for the corresponding period of previous year.
- 18. The time of shutdown for standby of Taishan Unit 1 in the first half of 2020 was shorter compared with the corresponding period of last year.

- 19. Taishan Unit 2 commenced commercial operation on September 7, 2019.
- 20. Hongyanhe Unit 1 did not conduct any refueling outage in the first half of 2020 and completed a refueling outage for the corresponding period of previous year.
- 21. Hongyanhe Unit 3 did not conduct any refueling outage in the first half of 2020 and completed a refueling outage for the corresponding period of previous year, and had a longer time of temporary operation at reduced load or shutdown for standby at the request of power grid in the first half of 2020 as compared with the corresponding period of previous year.
- 22. Hongyanhe Unit 4 completed a refueling outage in the first half of 2020 and did not conduct any refueling outage for the corresponding period of previous year.

Based on the design of pressurized water reactor (the "PWR") NPPs, the nuclear reactor of each unit in operation must be shut down and refueled after a certain period of time. Taking the safety and economic considerations for NPPs into account, nuclear power operators often make use of the refueling period to intensively conduct preventive and corrective maintenance, inspection and testing projects as well as various modifications projects, and this is usually referred to as refueling outage by NPPs. The refueling intervals of Hongyanhe Unit 3 and Hongyanhe Unit 4 are generally 12 months, while the refueling intervals of other NPPs are generally 18 months. According to the technical requirements for the operation of NPPs, inspection, testing and maintenance for major equipment are required every ten years. Such activities will be conducted during the refueling period of generating units, and this is usually referred to as ten-year outage by NPPs. In addition to the refueling outage and ten-year outage, the refueling outage of new generating units conducted in the following year after commencement of operation is usually referred to as initial outage.

During the refueling outage period, we carry out inspection, maintenance and modifications for equipment with selectivity based on the requirements of NPPs preventive maintenance guidelines, in-service inspection guidelines, requirements on regular testing and supervision 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, refueling outages intervals of nuclear power generating units are not fixed to every 12 or 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 refueling outage plans for generating units. As the needs for inspection and maintenance projects are different, the duration of each refueling outage is not identical. More inspection items are required for the initial and ten-year outages, resulting in a longer inspection period compared to that of regular refueling outages. According to the specific operating conditions of each generating unit, we continue to enhance and develop targeted refueling 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 effective control over the duration of each refueling outage on the premise of ensuring the quality of safety.

"Pursuit of Excellence" is one of the basic principles of the Company. In order to discover our inadequacies and make continuous improvements, we continue to implement benchmarking with international peers. When compared with the one-year benchmark value of all of the 12 performance indicators for the PWR set by the WANO, for our nuclear power generating units, the ratio of performance indicators achieving the world's top 1/4 level (advanced level) and top 1/10 level (excellent level) remained at a high level, leading among industry peers. As at March 15, 2020, Ling'ao Unit 1 has been operating without unplanned reactor shutdown for 5,000 days (excluding refueling outages duration), meaning that it has been operating safely and stably for 15 consecutive years, which is 15 months longer than its foreign counterpart ranking second at present.

The following table indicates the comparison of the one-year benchmark value of the 12 performance indicators for the PWR by WANO for the six months ended June 30, 2020 and the corresponding period of previous year:

	For the six months ended June 30,		
	2020	2019	
Number of units Total number of indicators Including:	24 288	22 264	
Number/proportion of indicators ranked top 1/4 level (advanced level) in the world	230/79.86%	222/84.09%	
Number/proportion of indicators ranked top 1/10 level (excellent level) in the world	223/77.43%	215/81.44%	

Environmental Performance

We continued to improve radioactive waste management, optimize the control over the discharge process of liquid radioactive waste and gas radioactive waste (the "**Discharge**") and strictly comply with emission control standards. In the first half of 2020, the radioactive waste management of the 24 generating units in operation managed by us strictly complied with the relevant national laws and regulations, and met the standards of the relevant technical specifications.

The following table sets forth the emission of the various types of radioactive waste discharged at our NPPs during the Reporting Period indicated as a percentage of the national standards. The total amounts of radioactive Discharge from our NPPs were far below the applicable national limits.

	(including Daya Bay Nuclear Power Station, Ling'ao Nuclear Power Station and Lingdong Nuclear Power Station)		Yangjiang Nuclear Power Station		Fangchenggang Nuclear Power Station For the six months		Ningde Nuclear Power Station s ended June 30.		Taishan Nuclear Power Station		Hongyanhe Nuclear Power Station	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Discharged liquid radioactive waste (radionuclides other than tritium) as a percentage of the national standards	0.10%	0.15%	0.20%	0.19%	0.18%	0.19%	0.10%	0.14%	1.52%	1.30%	0.08%	0.11%
Discharged gas radioactive waste (inert gases) as a percentage of												
the national standards	0.21%	0.22%	0.11%	0.17%	0.15%	0.15%	0.14%	0.14%	0.84%	0.70%	0.07%	0.07%
Solid radioactive waste (cubic meters)	45.5	74.0	64.2	28	40.1	42.3	73.6	65.6	0	0	50.8	64.4
Results of environmental monitoring	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal

Note: The reasons for changes in the data mainly include: the refueling outage plan is different for every unit, maintenance projects are different; Yangjiang Unit 6 and Taishan Unit 2 commenced commercial operation in the second half of 2019; the annual discharge limit of Taishan Nuclear Power Station was different from other power stations, and there is no comparability between the power stations.

Nuclear power is a clean energy source that contributes to energy saving and emissions reduction in the society. In the first half of 2020, our on-grid nuclear power generation in effect represented a reduction of approximately 27.3395 million tons of standard coal consumption, approximately 75.7122 million tons of CO₂ emissions, with an equivalent effect of planting a forest of approximately 203,300 hectares.

Nuclear Power Generating Units under Construction

Dava Ray Race Area

The quality of NPPs under construction is important for the safe and efficient operations of nuclear power generating units after commencement of operation. We meticulously organize project construction in strict compliance with the requirements of relevant laws and regulations. For all the major construction milestones being required to pass the inspection of the national regulatory authority, we would enter into the next phase of work only after passing the inspection of the national regulatory authority which confirmed our full compliance with the requirements. We also attach importance to learning from experience feedbacks of domestic and foreign NPPs construction, and improving the safety and quality of our construction work.

As of June 30, 2020, among our five nuclear power generating units that were under construction, two were in the civil construction phase (including one unit under construction which was entrusted to the Company by the controlling shareholder for management), two were in the equipment installation phase and one was in the commissioning phase.

We controlled, supervised and managed aspects including the safety, quality, progress, investment, technology and environment of our construction projects, so as to ensure that the projects under construction complied with various regulatory requirements and 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 Time of Commencement of Operation
From subsidiaries					
Fangchenggang Unit 3		$\sqrt{}$			2022
Fangchenggang Unit 4					2022
From associates					
Hongyanhe Unit 5			$\sqrt{}$		Second half of 2021
Hongyanhe Unit 6		$\sqrt{}$			First half of 2022
From the company which was					
entrusted by the controlling					
shareholder for management					
Huizhou Unit 1	$\sqrt{}$				2025

Notes:

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

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

Sales of Electricity

The supply and demand for electricity in China was generally at ease in the first half of 2020. As the economic development condition of each province differed, the supply and demand for electricity in some provinces where our nuclear power generating units are located varied. In light of the complex power market situation, the Company adopted the power sales strategy of "striving for more shares of planned on-grid power generation, striving for better market power generation and power tariff, striving for development and utilization of incremental market and striving for more shares in power transmission across provinces and regions" in the first half of 2020, the overall economic benefits of the Company were guaranteed.

In the first half of 2020, the electricity consumption of Guangdong province decreased by 2.1% over the corresponding period of previous year. The Company's nuclear power generating units in Guangdong province continued to participate in electricity market in the "full capacity power generation with favourable tariff" model in 2020, recording a year-on-year increase of 19.36% in on-grid power generation.

In the first half of 2020, the electricity consumption of Fujian province decreased by 0.6% over the corresponding period of previous year. In the first half of 2020, as requested by power grid, Ningde Nuclear recorded a year-on-year decrease in the duration of reduced load, and a year-on-year increase of 9.25% in on-grid power generation.

In the first half of 2020, the electricity consumption of Guangxi Zhuang Autonomous Region increased by 3.9% over the corresponding period of previous year. In the first half of 2020, as requested by power grid, Fangchenggang Nuclear recorded a year-on-year decrease in the duration of reduced load, and a year-on-year increase of 5.54% in on-grid power generation.

In the first half of 2020, the electricity consumption of Liaoning province decreased by 1.4% over the corresponding period of previous year. In the first half of 2020, as requested by power grid, Hongyanhe Nuclear recorded a year-on-year increase in the duration of reduced load, and a year-on-year decrease of 0.19% in on-grid power generation.

In the first half of 2020, our nuclear power generating units in operation achieved an on-grid power generation of 90,348.68 GWh, representing a year-on-year increase of 13.00%, of which market-based power generation volume accounted for approximately 25.46% of the total on-grid power generation.

While striving to increase on-grid power generation, we also paid close attention to the on-grid tariffs of operating units. In the first half of 2020, the planned on-grid tariffs of operating units of the Company remained stable and unchanged. As the balance between national electricity trading market has gradually become mature, rationality has been restored in the market-based on-grid tariff, and the market-based on-grid tariff of the Company have remained stable. The following table sets out the on-grid tariffs (VAT included) of the planned power generation of the Company's nuclear power generating units in operation.

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

Human resources

As of June 30, 2020, the total number of employees of the Group was 18,127 employees (excluding our associates).

We pay close attention to the occupational health of our employees who carry out work in our NPPs, including our contractors and other personnel who enter into our workplace to carry out relevant activities. We ensure employees' occupational health through various means such as promotion and training, proactive prevention, identification and management of occupational hazards.

The average individual radiation exposure index among our personnel (including staff, contractors and other personnel) who entered into the control area to work at NPPs is lower than the national standard limit (20 mSv/year/person). The table below sets out information on the maximum individual radiation exposure index (Unit: mSv) among the personnel who entered into the control area to work in the first half of 2020 and that of 2019 at NPPs operated and managed by us:

	For the six months ended June 30,			
NPP/Unit	2020	2019		
Daya Bay NPP	1.36	4.21		
Ling'ao NPP	1.80	5.74		
Lingdong NPP	4.70	5.81		
Yangjiang NPP	4.16	7.58		
Fangchenggang NPP Units 1 and 2	3.52	3.98		
Ningde NPP	6.46	6.73		
Taishan NPP	1.29	1.01		
Hongyanhe NPP Units 1, 2, 3 and 4	5.45	7.36		

Note: The changes in data are primarily due to the differences in outage schedules and maintenance projects during the six months ended June 30, 2020.

Social Responsibilities

We constantly explore and improve our transparent communication mechanism and develop innovative communication means of communication. We strive to build interactive relationship with mutual-trust with various sectors of the society and with the public, and support sustainable development of surrounding communities with our abilities.

Proactive Disclosure of Information

Each of the nuclear power bases managed by us has established its professional public information platform on nuclear and radiation safety. The information made available to the public includes monthly operating data, such as capacity factor, radiation protection, industrial safety, level 1 fire risk incidents, three wastes control and monitoring of the environment, and operational incidents. Any operational incident occurring at a nuclear power generating unit in operation must be published on the public information platform within two working days from the day the incident was defined.

Each of the nuclear power bases managed by us has established its own websites and social media platforms such as the official WeChat account for delivering the operational information of various NPPs proactively. The Company arranges regular press conferences, interviews and site visits by invitation, theme activities and distribution of publications to provide NPPs' related information to the main industry regulatory departments and the media, and takes public inquiries through hotlines, facsimile and e-mail. In the first half of 2020, the Company and our NPPs convened three press conferences.

Transparent Public Communication

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

In April 2020, during the outbreak of COVID-19, CCTV's news channel had a live broadcast of the process of picking tea leaves in the white tea plantation at Ningde NPP while introducing the pandemic prevention measures taken by Ningde NPP during the outbreak of COVID-19 and the status of work resumption, so that the public can understand the harmonious coexistence of nuclear power and its surrounding environment, which enhanced public confidence in the safe and stable operation of NPPs.

In June 2020, in pace with the COVID-19 prevention and control, Hongyanhe Nuclear hosted the "5th June Environment Day, Traveling Around Hongyanhe" online interactive live streaming event. Our host led the public to explore the environmental laboratory at Hongyanhe NPP on live streaming, revealing how to monitor the environmental indicators such as air, ocean, and organisms, so that the public can fully understand the environmental monitoring and environmental protection of nuclear power bases without leaving home, and enhance their trust in nuclear power.

Win-win Community Development

We uphold the vision of "boosting the economy and benefiting the people there in which we conduct a construction project". We actively promote community development and at the same time, we achieve our corporate development plan by building a harmonic relationship with the surroundings. We actively respond to the national policy of targeted poverty alleviation, using our own advantages to help designated counties and villages to develop the characteristic industries to improve the lives of local residents, aiming at helping the villagers to alleviate poverty and set out on a road to prosperity.

In April 2020, in order to solve the travel problems of some poor households in Longhuai Village, Lingyun County, Baise City, Guangxi Zhuang Autonomous Region, Fangchenggang Nuclear set up a team to build "People's Stairs" with the funds raised by its employees.

Pingshan Village, Tuoshan Township, Wafangdian, is a village supported by Hongyanhe Nuclear for poverty alleviation, which is about 25 kilometers northeast of the NPP. In recent years, Hongyanhe Nuclear has made efforts into poverty alleviation in Pingshan Village in many ways. In June 2020, with an focus on mountain cherries, papery dried shrimps, dried fish and other specialty agricultural products in Pingshan Village, Hongyanhe Nuclear had a live broadcast on poverty alleviation to help villagers open up sales channels, and increase income.

In the first half of 2020, in the face of such an unexpected outbreak, we worked hard to prevent and control the pandemic and resume work and production within the Company. While providing a stable guarantee on power and energy, we pulled out all stops to provide support for local governments to fight the COVID-19 and tide over the difficulties. As approved at the Company's 2019 annual general meeting, we donated RMB30 million to support the prevention and control of the COVID-19 in Hubei Province. Our NPPs also actively supported the local governments, as well as their surrounding communities and overseas partners with anti-pandemic supplies which were scarce in supply, in order to contribute to the battle against the COVID-19 with a united will.

In February 2020, DNMC provided a batch of urgently needed protective supplies to The First Affiliated Hospital of Sun Yat-sen University as emergency support, including 2,000 KN95 medical antiviral masks and 1,000 disposable paper suits.

In February 2020, Taishan Nuclear provided 3,000 sets of protective suits and 3,000 medical antiviral masks to the frontline medical team from Guangdong Province to aid Wuhan City, as well as the hospitals in Wuhan City.

In February 2020, under the guidance of chemical engineers, dozens of employee volunteers of Yangjiang Nuclear used the sodium hypochlorite in the reserve to produce more than 2,200 liters of disinfectant, totaling 1,700 bottles. After meeting the needs of the NPPs, the remaining disinfectant were given out to the designated poverty alleviation villages and their surrounding communities, hospitals and primary schools.

(III) Outlook for the Second Half of the Year

In the first half of 2020, the COVID-19 has certain impacts on China's overall economic operation and power demand. The nuclear power units managed by the Group have experienced a certain degree of load reduction or shutdown for standby after the Spring Festival. As the COVID-19 has been brought under control in China, the resumption of work and production promoted the gradual recovery of power demand in the whole society. The utilization rate of nuclear power units has also gradually increased to a normal level.

In the second half of 2020, we will implement the necessary precautionary measures to control and manage the COVID-19 situation, to ensure safe and stable operation of all the generating units in operation, ensure smooth progress of the generating units under construction, formulate power generating strategy, seize market opportunities, strive to increase on-grid power generation and guarantee overall economic benefits of the Company.

In the second half of 2020, we plan to carry out the following initiatives:

- In the premise of ensuring safety and quality, we will push forward construction of Fangchenggang Units 3 and 4 and Hongyanhe Units 5 and 6 and entrusted management projects as planned, and further strengthen management of nuclear power construction projects;
- We will ensure the safe and stable operation of all the generating units in operation, with three planned refueling outages in the third quarter (including the refueling outage for the generating units of Hongyanhe Unit 4 which has started in June), and eight planned refueling outages in the fourth quarter. We will be meticulous in organizing and further optimizing the outages with reasonable allocation of resources for outages so as to ensure the high-quality completion of every refueling outage;

- We will adapt to the changes in the electricity market situation, continuously optimize the marketing mechanism of electricity market, and strengthen the development of marketing capabilities for electricity market to strive for more on-grid generation through various channels and initiatives, striving to achieve the annual power generation plan;
- We will continue to implement our lean management strategy and strengthen internal resources coordination and cooperation to effectively control construction cost of units under construction as well as operation cost of units in operation; and
- By tracking the impact of the COVID-19 on the domestic and international economic and financial market environment, and upholding the principle of prudence, we will continue to optimize our debt structure while ensuring the safety of funds, so as to reduce the Company's capital cost. According to the plan of changing the use of proceeds from H shares as approved at the Company's 2019 annual general meeting, we will reasonably use the proceeds from H shares and improve the efficiency of using funds.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2020.

INTERIM DIVIDEND

Pursuant to the Company's dividend distribution policy, payment of an interim dividend for the six months ended June 30, 2020 is not recommended.

When considering the dividend distribution ratio in the future, we will take into consideration the business performance of the Company for the year, the future development strategies of the Company and other factors, provided that it shall not be lower than 30% of the net profit attributable to shareholders of the Company for the year. In the 2018 interim report, the Company proposed to achieve the target of maintaining a reasonable increase in dividend (subject to approval at the general meeting of the relevant financial year) for each of the three financial years of 2018, 2019 and 2020 based on the annual dividend per share for 2017, in the premise of no major changes in the business environment. The Board and management of the Company attach great importance to the safe and stable operation of nuclear power generating units and strive to achieve the stable growth of the Company's overall operation, in order to achieve the above targets for dividend distribution.

SUBSEQUENT EVENTS

In July 2020, the Company received the Notice of Acceptance of Registration issued by China Interbank Market Dealers Association (the "**Dealers Association**"). The Dealers Association agrees to accept the Company's medium-term notes to be registered in two phases, with a total registered amount of RMB 10 billion, and the Company may issue the medium-term notes in installments within the validity period of the registration.

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, on November 14, 2018, the Board approved the second revision of the Corporate Governance Code of CGN Power Co., Ltd.. This revision mainly considered and absorbed the suggested revision requirements of the Stock Exchange Codes. The Corporate Governance Code of CGN Power Co., Ltd. includes the basic requirements of the Stock Exchange Codes and in many aspects exceeds the standards of its recommended best practices.

For the six months ended June 30, 2020, the Company had complied with the all code provisions contained in the Stock Exchange Codes and all recommended best practices under the Stock Exchange Codes.

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 all 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 by the Company, all Directors, supervisors and senior management have confirmed that they had complied with the standards set out in the two codes mentioned above 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, and 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 under the Board of Directors of CGN Power Co., Ltd. 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 a non-executive Director (Mr. Gu Jian) and two independent non-executive Directors (Mr. Li Fuyou and Mr. Yang Jiayi). Mr. Yang Jiayi, who possesses accounting qualification, acts as the chairman of the Audit and Risk Management Committee.

On August 19, 2020, the Audit and Risk Management Committee has reviewed and confirmed the interim results announcement for the six months ended June 30, 2020 of the Group, and the unaudited consolidated financial statements as of June 30, 2020 prepared in accordance with the CASBE.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

The Company will despatch to its shareholders in due course all the information required by the Listing Rules together with the 2020 interim 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.*
Yin Engang

Chief Financial Officer, Joint Company Secretary and Board Secretary

The PRC, August 26, 2020

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 and Mr. Jiang Dajin as executive Directors; Mr. Yang Changli, Mr. Shi Bing, Mr. Wang Wei and Mr. Gu Jian as non-executive Directors; Mr. Li Fuyou, Mr. Yang Jiayi and Mr. Xia Ceming as independent non-executive Directors.

* For identification purpose only