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, 2021

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2021:

- Operating revenue of the Group was approximately RMB36,865.67 million, representing an increase of 17.01% over the corresponding period in 2020.
- Net profit attributable to shareholders of the parent company was approximately RMB5,498.14 million, representing an increase of 5.63% over the corresponding period in 2020.
- Net profit attributable to shareholders of the parent company (excluding the effects of non-recurring gains or losses) was approximately RMB5,432.44 million, representing an increase of 5.63% over the corresponding period in 2020.

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, 2021 (the "**Reporting Period**") together with the comparative figures for the corresponding period in 2020. The financial information of the Group for the six months ended June 30, 2021 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 2021, China's economy sustained stable resumption. The major macro-economic indicators were within a reasonable range while the economic development exhibited a steady and stable upward trend. The supply and demand of the power supply in China is generally balanced. The nuclear power generating units in operation managed by us maintained safe and stable operation, and the construction of the nuclear power generating units under construction progressed orderly. The on-grid power generation increased as compared with the corresponding period of 2020.

As of June 30, 2021, 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 95,226.50 GWh, representing an increase of 5.40% over the corresponding period of 2020. Our on-grid nuclear power generation in effect represented a reduction of approximately 79.2284 million tons of carbon dioxide emissions. Our subsidiaries achieved an on-grid power generation of 79,072.49 GWh, representing an increase of 3.95% over the corresponding period of 2020.

As of June 30, 2021, seven nuclear power generating units were under construction by the Group (including three units which were entrusted to the Company by the controlling shareholder of the Company for management), with a total installed capacity of 8,210 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 2021 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 2021 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, 2021
(Expressed in RMB)

			For the six months ended June 30,	
		NOTES	**2021**	2020
			(Unaudited)	(Unaudited)
I.	Operating revenue	*4*	**36,865,672,287.30**	31,506,671,856.77
	Less: Operating costs	*4*	**23,174,159,755.12**	18,089,579,051.09
	Tax and surcharges		**320,789,155.01**	315,810,697.85
	Selling expenses		**46,008,194.03**	25,230,157.33
	Administrative expenses		**1,108,028,311.77**	1,165,418,022.85
	Research and development expenses		**521,190,877.17**	223,831,185.23
	Finance costs	*5*	**3,264,129,077.99**	4,314,414,744.95
	Including: Interest expenses		**3,604,841,806.53**	4,260,085,963.29
	Interest income		**73,404,727.46**	127,128,035.48
	Add: Other gains	*6*	**792,976,087.93**	1,177,052,331.16
	Investment income	*7*	**648,516,633.08**	422,246,049.02
	Including: Income from investment in associates	*7*	**634,219,486.34**	417,541,090.05
	(Losses) gains from changes in fair value	*8*	**(9,529,201.08)**	17,967,642.12
	Gains (losses) from credit impairment		**1,464,621.82**	(7,824,874.96)
	Asset impairment losses		**(19,917.17)**	–
	Gains from disposal of assets		**–**	209,089.84
II.	Operating profit		**9,864,775,140.79**	8,982,038,234.65
	Add: Non-operating income		**29,180,178.30**	8,993,071.63
	Less: Non-operating expenses		**38,217,310.99**	39,402,594.26
III.	Total profit		**9,855,738,008.10**	8,951,628,712.02
	Less: Income tax expenses	*9*	**1,185,327,425.60**	1,090,177,148.76
IV.	Net profit		**8,670,410,582.50**	7,861,451,563.26
	(I) Classified by continuity of operations			
	1. Net profit from continuing operations		**8,670,410,582.50**	7,861,451,563.26
	2. Net profit from discontinued operations		**–**	–
	(II) Classified by ownership			
	1. Net profit attributable to shareholders of the parent company		**5,498,143,474.68**	5,205,219,112.59
	2. Non-controlling interests		**3,172,267,107.82**	2,656,232,450.67

	NOTES	For the six months ended June 30, 2021 (Unaudited)	2020 (Unaudited)
V. Other comprehensive income, net of tax		**(4,683,889.25)**	108,066,281.58
Other comprehensive income attributable to shareholders of the parent company, net of tax		**4,793,846.81**	80,854,326.18
(I) Other comprehensive income that will not be reclassified to profit or loss		**32,856,180.00**	(1,088,665.00)
1. Change arising from remeasurement of defined benefit plan		**(1,461,375.00)**	(1,239,625.00)
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		**(862,670.00)**	(598,400.00)
3. Change in fair value of investment in other equity instruments		**35,180,225.00**	749,360.00
(II) Other comprehensive income that may be reclassified to profit or loss		**(28,062,333.19)**	81,942,991.18
Translation differences arising from translation of foreign currency financial statements		**(28,062,333.19)**	81,942,991.18
Other comprehensive income attributable to non-controlling interests, net of tax		**(9,477,736.06)**	27,211,955.40
VI. Total comprehensive income		**8,665,726,693.25**	7,969,517,844.84
Total comprehensive income attributable to shareholders of the parent company		**5,502,937,321.49**	5,286,073,438.77
Total comprehensive income attributable to non-controlling interests		**3,162,789,371.76**	2,683,444,406.07
VII. Earnings per share			
(I) Basic earnings per share	*10*	**0.109**	0.103
(II) Diluted earnings per share	*10*	**0.109**	0.103

CONSOLIDATED BALANCE SHEET
As at June 30, 2021
(Expressed in RMB)

	NOTES	**June 30, 2021 (Unaudited)**	December 31, 2020 (Audited)
Current assets:			
Cash at bank and in hand		**14,331,391,690.17**	12,128,377,221.65
Bills receivable	*11*	**2,400,200,000.00**	1,900,481,700.00
Accounts receivable	*12*	**10,291,716,086.30**	8,785,607,103.39
Accounts receivable financing		**334,164.00**	4,150,220.00
Prepayments		**20,192,744,411.39**	17,994,542,411.57
Other receivables		**187,170,352.35**	86,973,653.03
Inventories		**13,981,053,439.42**	15,020,730,517.39
Contract assets		**3,978,891,645.35**	3,803,325,759.93
Other current assets		**3,673,217,527.39**	3,520,085,850.74
Total current assets		**69,036,719,316.37**	63,244,274,437.70
Non-current assets:			
Debt investments		**37,739,834.23**	–
Long-term equity investments		**12,509,144,098.13**	11,924,063,022.83
Other investment in equity instruments		**553,130,858.81**	498,185,300.00
Investment properties		**229,491,381.27**	244,748,360.43
Fixed assets		**243,595,484,137.80**	248,455,556,392.34
Construction in progress		**52,427,838,745.47**	47,364,769,436.18
Right-of-use assets		**828,354,841.50**	939,488,041.02
Intangible assets		**5,019,824,637.66**	5,047,179,153.80
Development costs		**2,939,787,069.45**	2,795,094,194.52
Goodwill		**419,242,673.32**	419,242,673.32
Long-term deferred expenses		**1,515,787,152.10**	1,472,909,966.69
Deferred tax assets		**2,298,103,303.90**	2,177,159,194.01
Other non-current assets		**6,974,166,168.40**	7,315,703,312.89
Total non-current assets		**329,348,094,902.04**	328,654,099,048.03
Total assets		**398,384,814,218.41**	391,898,373,485.73

	NOTES	**June 30, 2021 (Unaudited)**	December 31, 2020 (Audited)
Current liabilities:			
Short-term loans	*13*	**17,144,280,424.96**	23,123,993,448.96
Bills payable	*14*	**3,379,593,033.22**	4,418,030,262.41
Accounts payable	*15*	**18,002,001,358.50**	18,698,517,397.40
Contract liabilities		**5,736,869,506.36**	3,231,038,661.45
Employee benefits payable		**105,412,491.74**	151,071,758.52
Taxes payable		**1,365,720,124.54**	1,469,829,201.53
Other payables		**9,802,954,495.52**	4,541,393,615.79
Non-current liabilities due within one year	*16*	**24,806,013,284.62**	20,909,255,816.39
Other current liabilities		**3,739,468,360.68**	609,623,356.68
Total current liabilities		**84,082,313,080.14**	77,152,753,519.13
Non-current liabilities:			
Long-term loans	*17*	**152,225,434,946.78**	156,693,189,032.11
Bonds payable	*18*	**9,484,576,947.51**	7,489,853,934.87
Lease liabilities		**478,131,761.92**	576,934,707.48
Long-term employee benefits payable		**104,114,293.20**	75,070,317.95
Provisions	*19*	**5,189,109,285.61**	5,030,926,743.61
Deferred income		**2,033,714,314.66**	2,043,610,971.48
Deferred tax liabilities		**1,239,942,946.15**	1,205,428,001.19
Total non-current liabilities		**170,755,024,495.83**	173,115,013,708.69
Total liabilities		**254,837,337,575.97**	250,267,767,227.82
Shareholders' equity:			
Share capital	*20*	**50,498,611,100.00**	50,498,611,100.00
Capital reserve		**10,795,816,398.46**	10,784,004,133.34
Other comprehensive income		**410,100,554.94**	405,306,708.13
Specific reserve		**217,722,068.57**	248,862,260.50
Surplus reserve		**4,346,624,819.53**	4,346,624,819.53
Retained earnings		**30,443,725,742.80**	28,989,865,085.43
Total equity attributable to shareholders of the parent company		**96,712,600,684.30**	95,273,274,106.93
Non-controlling interests		**46,834,875,958.14**	46,357,332,150.98
Total shareholders' equity		**143,547,476,642.44**	141,630,606,257.91
Total liabilities and shareholders' equity		**398,384,814,218.41**	391,898,373,485.73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended June 30, 2021

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 interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 3.

3. CHANGES IN ACCOUNTING POLICIES

In 2021, the Group implemented the related requirements of the following CASBEs issued by the Ministry of Finance:

- Interpretation No. 14 of the Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 1) ("**Interpretation No. 14**")
- Notice on Adjusting the Scope of Application of "Covid-19 – Related Rent Concessions" (Cai Kuai [2021] No. 9)

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

Unit: RMB

Item	For the six months ended June 30,			
	2021		2020	
	Revenue	**Costs**	Revenue	Costs
From principal operations	**36,780,386,964.39**	**23,127,473,063.74**	31,459,685,972.44	18,055,650,772.20
Of which: Sales of electricity	**27,972,021,433.01**	**14,430,480,227.01**	27,128,789,861.76	13,647,209,860.47
Construction, installation and design services	**8,157,319,557.27**	**8,099,175,758.00**	3,622,560,075.49	3,616,036,012.63
Rendering of services	**599,282,435.44**	**544,629,246.55**	666,645,491.32	747,833,768.86
Sales of goods and others	**51,763,538.67**	**53,187,832.18**	41,690,543.87	44,571,130.24
From other operations	**85,285,322.91**	**46,686,691.38**	46,985,884.33	33,928,278.89
Total	**36,865,672,287.30**	**23,174,159,755.12**	31,506,671,856.77	18,089,579,051.09

5. FINANCE COSTS

Unit: RMB

Item	For the six months ended June 30,	
	2021	2020
Interest expenses	**4,216,452,906.98**	4,694,241,811.57
Less: Capitalized interest expenses	**772,244,362.88**	591,827,393.52
Less: Interest income	**73,404,727.46**	127,128,035.48
Exchange (gains) losses	**(282,437,451.97)**	165,917,499.07
Less: Capitalized exchange gains	**(179,401.79)**	(3,336,342.79)
Interest expenses on the provision for NPP decommissioning	**143,149,294.74**	137,039,305.46
Interest expenses on the lease liabilities	**17,483,967.69**	20,632,239.78
Bank charges and others	**14,950,049.10**	12,202,975.28
Total	**3,264,129,077.99**	4,314,414,744.95

6. OTHER GAINS

Unit: RMB

Item	For the six months ended June 30,	
	2021	2020
Value-added tax refunds(Note)	**689,935,745.56**	1,076,962,675.29
Other government grants	**93,807,461.72**	84,070,534.49
Individual income tax refund	**9,232,880.65**	16,019,121.38
Total	**792,976,087.93**	1,177,052,331.16

Note: For the value-added tax ("**VAT**") refunds received by the Group's subsidiaries that satisfied the preferential VAT "levy first, refund later" policy, the Group adopted the VAT "levy first, refund later" policy in respect of its sale of electricity to grid companies generated by Lingdong Nuclear 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,	
	2021	2020
Income from long-term equity investments accounted for using the equity method	**634,219,486.34**	417,541,090.05
Investment income from holding other equity instruments	**15,057,316.99**	–
Income from derivative financial instruments	**–**	5,810,739.91
Others	**(760,170.25)**	(1,105,780.94)
Total	**648,516,633.08**	422,246,049.02

8. (LOSSES) GAINS FROM CHANGES IN FAIR VALUE

Unit: RMB

Item	For the six months ended June 30,	
	2021	2020
Losses from changes in fair value arising from derivative financial instruments	**–**	(1,753,857.54)
(Losses) gains from changes in fair value arising from cash-settled share-based payments	**(9,529,201.08)**	19,721,499.66
Total	**(9,529,201.08)**	17,967,642.12

9. INCOME TAX EXPENSES

Unit: RMB

Item	For the six months ended June 30,	
	2021	2020
Current income tax expenses	**1,274,814,494.87**	1,259,939,953.26
Deferred income tax expenses	**(92,637,439.93)**	(160,869,205.44)
Adjustments to income tax of previous years	**3,150,370.66**	(8,893,599.06)
Total	**1,185,327,425.60**	1,090,177,148.76

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.

Pursuant to the relevant enterprise income tax law, 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) Radiation Monitoring Technology 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, Ningde Nuclear, Taishan Nuclear, CGN Ocean Power Co., Ltd. (中廣核海洋能源有限公司) ("**Ocean Power**"), CGN Hebei Thermal Power Co., Ltd. (中廣核河北熱電有限公司) ("**Hebei Thermal Power**"), China Nuclear Power Operations Co., Ltd. (中廣核核電運營有限公司) ("**CGN Operations**"), Sansha Advanced Energy Co., Ltd. (三沙先進能源有限公司) ("**Sansha Energy**"), Guangdong Daya Bay Nuclear Power Environment Protection Co., Ltd. (廣東大亞灣核電環保有限公司) ("**Environment Protection Company**"), CGN Import & Export Co., Ltd. (中廣核電進出口有限公司) ("**Import & Export Company**"), Shenzhen Hepeng Project Supervision Co., Ltd. (深圳市核鵬工程監理有限責任公司) ("**Hepeng Supervision Company**"), Fujian Ninghe Power Sales Co., Ltd. (福建寧核售電有限公司) and Guangxi Fanghe Power Sales Co., Ltd. (廣西防核售電有限公司) were entitled to tax reduction and exemption.

Name of company or generating unit	Preferential tax rate applicable for the current period	Preferential tax rate applicable for the corresponding period of previous year	Reason for tax incentives
Yangjiang Unit 2	N/A	12.5%	Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation
Yangjiang Unit 3 and Unit 4	12.5%	12.5%	Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation
Yangjiang Unit 5	12.5%	Exempted	Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation
Yangjiang Unit 6	Exempted	Exempted	Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation
Fangchenggang Unit 1 and Unit 2	7.5%	7.5%	Enjoy western development enterprise income tax preferential policy and tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation
Ningde Unit 3	N/A	12.5%	Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation
Ningde Unit 4	12.5%	12.5%	Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation
Taishan Unit 1	12.5%	Exempted	Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation
Taishan Unit 2	Exempted	Exempted	Operating income tax preferential treatment in relation to investment in public infrastructure projects as supported strategically by the nation
GNPJVC	15%	15%	Preferential tax policy for high-tech enterprises
Ling'ao Nuclear	15%	15%	Preferential tax policy for high-tech enterprises
Lingdong Nuclear	15%	15%	Preferential tax policy for high-tech enterprises
CNPRI	15%	15%	Preferential tax policy for high-tech enterprises
CNPSTC	15%	15%	Preferential tax policy for high-tech enterprises
SNPRI	15%	15%	Preferential tax policy for high-tech enterprises
Inspection Company	15%	15%	Preferential tax policy for high-tech enterprises
Radiation Monitoring Company	15%	15%	Preferential tax policy for high-tech enterprises
CGN Engineering	15%	15%	Preferential tax policy for high-tech enterprises
CGN Design	15%	15%	Preferential tax policy for high-tech enterprises
CGN Operations	15%	15%	Preferential tax policy for high-tech enterprises

Name of company or generating unit	Tax rate applicable for the current period	Tax rate applicable for the corresponding period of previous year	Policy for tax incentives
Ocean Power	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises (Note)
Hebei Thermal Power	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises (Note)
Sansha Energy	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises (Note)
Environment Protection Company	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises (Note)
Import & Export Company	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises (Note)
Hepeng Supervision Company	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises (Note)
Fujian Ninghe Power Sales Co., Ltd	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises (Note)
Guangxi Fanghe Power Sales Co., Ltd.	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises (Note)

Note: Pursuant to the PRC Enterprise Income Tax Law and the Notice on Inclusive Tax Relief Tax Policies for Small Profit-making Enterprises (Cai Shui [2019] No. 13) (《關於實施小微企業普惠性稅收減免政策的通知》(財稅[2019]13 號), for the portion of annual taxable income less than RMB1.00 million for small profit-making enterprises, 25% of the amount will be reduced, and the EIT will be at the tax rate of 20%; for the portion of annual taxable income exceeding RMB1.00 million but not exceeding RMB3.00 million, 50% of the amount will be reduced, and the EIT will be at the tax rate of 20%.

Pursuant to the Announcement on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (Cai Shui [2021] No. 12) (《關於實施小微企業和個體工商戶所得稅優惠政策的公告》(財稅[2021]12 號)), for the portion of annual taxable income less than RMB1.00 million for small profit-making enterprises, on the basis of the preferential policies stipulated in Article 2 of the Notice on Inclusive Tax Relief Tax Policies for Small Profit-making Enterprises (Cai Shui [2019] No. 13), the enterprise income tax will be reduced by half.

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,	
	2021	2020
Consolidated net profit attributable to shareholders of ordinary shares of the Company	**5,498,143,474.68**	5,205,219,112.59
Weighted average number of ordinary shares of the Company in issue	**50,498,611,100.00**	50,498,611,100.00
Basic earnings per share (RMB/share)	**0.109**	0.103

For the periods from January 1, 2021 to June 30, 2021 and from January 1, 2020 to June 30, 2020, the Group did not have any dilutive potential ordinary shares. Therefore, diluted earnings per share was the same as the basic earnings per share.

11. BILLS RECEIVABLE

Unit: RMB

Item	June 30, 2021	December 31, 2020
Bank acceptance bills	**2,400,200,000.00**	1,900,481,700.00

12. ACCOUNTS RECEIVABLE

(a) Accounts receivable disclosed by category

Unit: RMB

Category	June 30, 2021					December 31, 2020				
	Carrying balance		Bad debt provisions		Carrying value	Carrying balance		Bad debt provisions		Carrying value
	Amount	Percentage	Amount	Provisions percentage		Amount	Percentage	Amount	Provisions percentage	
Accounts receivable for which provision for bad debts has been individually made	82,759,091.80	0.80%	82,759,091.80	100.00%	–	82,759,091.80	0.93%	82,759,091.80	100.00%	–
Accounts receivable for which provision for bad debts has been made by group	10,362,667,484.76	99.20%	70,951,398.46	0.68%	10,291,716,086.30	8,854,349,440.29	99.07%	68,742,336.90	0.78%	8,785,607,103.39
– Group 1	9,940,255,280.58	95.16%	30,527,035.95	0.31%	9,909,728,244.63	8,449,686,854.10	94.55%	30,959,714.13	0.37%	8,418,727,139.97
– Group 2	422,412,204.18	4.04%	40,424,362.51	9.57%	381,987,841.67	404,662,586.19	4.52%	37,782,622.77	9.34%	366,879,963.42
Total	10,445,426,576.56	100.00%	153,710,490.26	1.47%	10,291,716,086.30	8,937,108,532.09	100.00%	151,501,428.70	1.70%	8,785,607,103.39

As part of the credit risk management, the Group assesses 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:

Unit: RMB

Aging	June 30, 2021				December 31, 2020			
	Expected credit loss rate	Carrying balance	Bad debt provisions	Carrying value	Expected credit loss rate	Carrying balance	Bad debt provisions	Carrying value
Within 1 year	**0.30%**	**9,917,086,492.40**	**28,691,476.65**	**9,888,395,015.75**	0.30%	8,423,433,463.63	25,270,300.38	8,398,163,163.25
1 to 2 years	**5.00%**	**19,900,486.19**	**995,024.30**	**18,905,461.89**	5.00%	11,744,201.71	587,210.09	11,156,991.62
2 to 3 years	**20.00%**	**1,514,720.00**	**302,944.00**	**1,211,776.00**	20.00%	2,024,300.00	404,860.00	1,619,440.00
3 to 4 years	**30.00%**	**1,696,000.00**	**508,800.00**	**1,187,200.00**	30.00%	12,484,888.76	4,697,343.66	7,787,545.10
4 to 5 years	**50.00%**	**57,581.99**	**28,791.00**	**28,790.99**	50.00%	–	–	–
Total		**9,940,255,280.58**	**30,527,035.95**	**9,909,728,244.63**		8,449,686,854.10	30,959,714.13	8,418,727,139.97

Group 2:

Unit: RMB

Aging	June 30, 2021				December 31, 2020			
	Expected credit loss rate	Carrying balance	Bad debt provisions	Carrying value	Expected credit loss rate	Carrying balance	Bad debt provisions	Carrying value
Within 1 year	**0.30%**	**286,850,973.09**	**860,552.92**	**285,990,420.17**	0.30%	261,480,504.14	784,441.52	260,696,062.62
1 to 2 years	**10.00%**	**30,344,132.77**	**3,034,413.27**	**27,309,719.50**	10.00%	50,558,153.04	5,055,815.30	45,502,337.74
2 to 3 years	**30.00%**	**87,605,256.22**	**25,907,045.44**	**61,698,210.78**	30.00%	80,602,144.75	24,180,643.43	56,421,501.32
3 to 4 years	**50.00%**	**13,094,560.68**	**6,547,280.34**	**6,547,280.34**	50.00%	7,890,034.28	3,945,017.14	3,945,017.14
4 to 5 years	**80.00%**	**2,211,054.42**	**1,768,843.54**	**442,210.88**	80.00%	1,575,222.98	1,260,178.38	315,044.60
More than 5 years	**100.00%**	**2,306,227.00**	**2,306,227.00**	**–**	100.00%	2,556,527.00	2,556,527.00	–
Total		**422,412,204.18**	**40,424,362.51**	**381,987,841.67**		404,662,586.19	37,782,622.77	366,879,963.42

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

Unit: RMB

Aging	June 30, 2021				December 31, 2020			
	Expected credit loss rate	Carrying balance	Bad debt provisions	Carrying value	Expected credit loss rate	Carrying balance	Bad debt provisions	Carrying value
4 to 5 years	**100%**	**74,259,091.80**	**74,259,091.80**	**–**	100.00%	74,259,091.80	74,259,091.80	–
More than 5 years	**100%**	**8,500,000.00**	**8,500,000.00**	**–**	100.00%	8,500,000.00	8,500,000.00	–
Total		**82,759,091.80**	**82,759,091.80**	**–**		82,759,091.80	82,759,091.80	–

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

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

Unit: RMB

Category	Opening balance	Changes during the period		Closing balance
		Provisions made	Recovered or reversed	
Expected credit losses for the entire duration (no credit impairment occurred)	68,742,336.90	22,671,459.29	(20,462,397.73)	70,951,398.46
Expected credit losses for the entire duration (credit impairment occurred)	82,759,091.80	–	–	82,759,091.80
Total	151,501,428.70	22,671,459.29	(20,462,397.73)	153,710,490.26

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

Unit: RMB

Name of entity	Carrying balance	Percentage to total accounts receivable	Closing balance of provisions for bad debts
Guangdong Power Grid Co., Ltd. (廣東電網有限責任公司)	3,740,134,233.22	35.81%	11,878,157.94
CGNPC New Energy Offshore Wind Power (Shanwei) Co., Ltd. (中廣核新能源海上風電(汕尾)有限公司)	1,156,000,395.15	11.07%	944,451.53
Fujian Electric Power Co., Ltd. (國網福建省電力有限公司)	947,110,611.35	9.07%	2,841,331.83
CGNPC Yangjiang Offshore Wind Power Co., Ltd. (中廣核陽江海上風力發電有限公司)	687,027,850.89	6.58%	3,034,045.58
Hong Kong Nuclear Investment Co. Ltd. (香港核電投資有限公司)	534,614,600.30	5.12%	1,439,619.85
Total	7,064,887,690.91	67.65%	20,137,606.73

13. SHORT-TERM LOANS

Unit: RMB

Item	**June 30, 2021**	December 31, 2020
Credit loans	**14,731,153,503.19**	21,122,443,315.86
Pledged loans (Note)	**2,400,000,000.00**	1,953,001,100.00
Short-term loans interest payable	**13,126,921.77**	48,549,033.10
Total	**17,144,280,424.96**	23,123,993,448.96

Note: Pledged loans discount on the acceptance bills to the accepting bank in advance with interest paid by buyers. The accepting bank has the right to recover from the discounting applicant the amount unpaid or advanced by the accepting bank for the bills, as well as the interest and related expenses during the delayed payment period. As at June 30, 2021, the discounted bills receivable of the Group that were not yet due as at the balance sheet date amounted to RMB2.4 billion.

As at June 30, 2021 and December 31, 2020, the Group had no overdue and unsettled short-term loans.

14. BILLS PAYABLE

Unit: RMB

Item	June 30, 2021	December 31, 2020
Commercial acceptance bills	**53,898,709.40**	–
Bank acceptance bills	**3,325,694,323.82**	4,418,030,262.41
Total	**3,379,593,033.22**	4,418,030,262.41

As at June 30, 2021 and December 31, 2020, the Group had no overdue and unsettled bills payable.

15. ACCOUNTS PAYABLE

(1) Accounts payable by aging

Unit: RMB

Aging	June 30, 2021	December 31, 2020
Within 1 year	**13,305,487,356.59**	14,526,762,424.41
1 to 2 years	**3,228,189,037.23**	3,351,245,049.36
2 to 3 years	**652,305,539.49**	149,745,265.48
More than 3 years	**816,019,425.19**	670,764,658.15
Total	**18,002,001,358.50**	18,698,517,397.40

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

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

Unit: RMB

Name of creditors	Amount	Reason for outstanding or not transfer
China Nuclear Industry Second and Third Construction Co., Ltd. (中國核工業二三建設有限公司)	**222,313,064.58**	Not yet settled
China Energy Engineering Group Guangdong Thermal Power Engineering Co., Ltd. (中國能源建設集團廣東火電工程有限公司)	**178,643,937.06**	Not yet settled
China Construction Second Engineering Bureau Ltd. (中國建築第二工程局有限公司)	**139,765,873.60**	Not yet settled
MITSUBISHI ELECTRIC (H.K.) LTD	**93,315,050.78**	Not yet settled
Hadian Wind Power Co., Ltd. (哈電風能有限公司)	**88,568,609.60**	Not yet settled
Total	**722,606,535.62**	

16. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Unit: RMB

Item	June 30, 2021	December 31, 2020
Long-term loans due within one year	**20,515,183,164.24**	16,188,601,190.14
Bonds payable due within one year	**3,498,864,849.70**	3,998,270,796.35
Lease liabilities due within one year	**248,854,175.85**	247,102,487.71
Long-term loans interest payable	**245,766,097.83**	275,296,564.48
Bonds payable interest payable	**293,271,001.03**	197,268,124.33
Post-employment benefit scheme liabilities due within one year	**4,073,995.97**	2,716,653.38
Total	**24,806,013,284.62**	20,909,255,816.39

17. LONG-TERM LOANS

Unit: RMB

Item	June 30, 2021	December 31, 2020
Credit loans	**21,113,799,703.72**	19,042,406,012.38
Guaranteed loans(1)	**3,000,000,000.00**	3,000,000,000.00
Pledged loans(2)	**147,224,090,336.47**	150,140,469,397.78
Secured loans(3)	**1,402,728,070.83**	698,914,812.09
Total	**172,740,618,111.02**	172,881,790,222.25
Less: Long-term loans due within one year	**20,515,183,164.24**	16,188,601,190.14
Long-term loans due after one year	**152,225,434,946.78**	156,693,189,032.11

Notes:

(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, 2021, the loan had not expired.

(2) Pledged loans are pledged by the Group with its interests under sales agreements of electricity, insurance contracts, general contracting contracts, project construction contracts and equity interest held.

(3) Secured loans are secured by the Company's subsidiaries Lingdong Nuclear, SNPRI, CGN Engineering and Lufeng Nuclear with land use rights, buildings and equipment.

The range of annual interest rates of the above loans:

Item	For the six months ended June 30,	
	2021	2020
Range of annual interest rates of the above loans	**0.18%-5.30%**	0.38%-5.30%

18. BONDS PAYABLE

Unit: RMB

Category	June 30, 2021	December 31, 2020
Long-term bonds	**2,000,000,000.00**	2,000,000,000.00
Mid-term notes	**10,983,441,797.21**	9,488,124,731.22
Total	**12,983,441,797.21**	11,488,124,731.22
Less: Bonds payable due within one year	**3,498,864,849.70**	3,998,270,796.35
Bonds payable due after one year	**9,484,576,947.51**	7,489,853,934.87

19. PROVISIONS

Unit: RMB

Item	June 30, 2021	December 31, 2020
Provision for NPP decommissioning(1)	**4,734,711,447.34**	4,601,580,302.59
Provision for low and medium level radioactive waste disposals(2)	**450,718,170.25**	425,666,773.00
Others	**3,679,668.02**	3,679,668.02
Total	**5,189,109,285.61**	5,030,926,743.61

Notes:

(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, 2021	December 31, 2020
Restricted shares		
Domestic shares (A shares)	**29,580,630,375.00**	29,580,630,375.00
Including: CGNPC	**29,176,641,375.00**	29,176,641,375.00
Other domestic shares	**403,989,000.00**	403,989,000.00
Subtotal	**29,580,630,375.00**	29,580,630,375.00
Unrestricted shares		
Domestic shares (A shares)	**9,754,355,725.00**	9,754,355,725.00
Including: Guangdong Hengjian Investment Holdings Co., Ltd. (廣東恒健投資控股有限公司)	**3,428,512,500.00**	3,428,512,500.00
Other domestic shares	**6,325,843,225.00**	6,325,843,225.00
Overseas listed foreign shares (H shares)	**11,163,625,000.00**	11,163,625,000.00
Including: CGNPC and its subsidiaries	**476,289,000.00**	103,726,000.00
Other foreign shares	**10,687,336,000.00**	11,059,899,000.00
Subtotal	**20,917,980,725.00**	20,917,980,725.00
Total	**50,498,611,100.00**	50,498,611,100.00

CGNPC planned to increase its holdings of H shares of the Company within 12 months from March 26, 2020, and the cumulative increase in holdings would not exceed 2% of the total number of issued H shares of the Company as of March 26, 2020 (the "**First Shareholding Increase Plan**"). As at March 26, 2021, the first implementation period of CGNPC's H share increase plan has expired, and the First Shareholding Increase Plan has been implemented. From March 26, 2020 to March 25, 2021, CGNPC and its subsidiaries had increased its holdings by 194,286,000 H shares of the Company in aggregate.

CGNPC planned to continue to increase its holdings of H shares of the Company within 12 months from April 26, 2021, and the cumulative increase in holdings would not exceed 5% of the total number of issued H shares of the Company as of April 26, 2021. As at June 30, 2021, CGNPC and its subsidiaries had increased its holdings by 476,289,000 H shares of the Company in total (including the First Shareholding Increase Plan).

21. DIVIDEND

During the Reporting Period, a final dividend of RMB0.080 per share (tax inclusive) in respect of the year ended December 31, 2020 was declared to the owners of the Company, which amounted to RMB4,044,282,817.31 in total (tax inclusive), and was approved by the shareholders at the 2020 annual general meeting convened on May 26, 2021.

22. SHARE-BASED PAYMENT

(1) Overall share-based payment

Units: Units

Item	**During the period from January 1 to June 30, 2021**		During the period from January 1 to June 30, 2020	
	First Batch	**Second Batch**	First Batch	Second Batch
Total equity instruments of the Company at the beginning of the period	**59,520,024**	**451,770,832**	129,946,651	462,360,003
Total equity instruments granted by the Company during the period	**–**	**–**	–	–
Total equity instruments exercised by the Company during the period	**–**	**18,748,400**	–	4,062,500
Total equity instruments of the Company that have expired during the period	**2,613,334**	**4,533,378**	3,839,930	4,970,005
Total equity instruments of the Company at the end of the period	**56,906,690**	**428,489,054**	126,106,721	453,327,498
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**	**HKD1.7427**	HKD3.50	HKD1.8393
	0.46 years	**1.45-3.45 years**	0.46－1.46 years	2.45－4.45 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 the 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 (the "**Supervisors**") are not Incentive Recipients.

The initial implementation plan of the SAR was approved by the Board on November 5, 2015. Pursuant to the initial scheme, 256,240,000 units of SAR were granted to Incentive Recipients of the Group (including Liaoning Hongyanhe Nuclear Power Co., Ltd. (遼寧紅沿河核電有限公司) ("**Hongyanhe Nuclear**")) at the exercise price of HKD3.50 per share. One third of the total number of SAR are vested and entitled on or after December 19, 2016 (which was expired and lapsed on December 16, 2019), one third of the total number of SAR are vested and entitled on or after December 18, 2017 (which was expired and lapsed on December 16, 2020) and the remaining one third of the total number of SAR are vested and entitled on or after December 18, 2018.

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

According to the exercise arrangement of the second grant of the incentive scheme, if events such as capitalization of capital reserve, distribution of bonus shares, share subdivision or consolidation, rights issue, secondary offering or dividend distribution occur to the listed company before the exercise of SAR, corresponding adjustment to the exercise price of SAR shall be made. However, under no circumstances shall any adjustment results in the exercise price being lower than the par value of the shares. Based on the dividend distribution of the Company every year, on January 8, 2020, the Board approved the second grant of the adjustment plan of the exercise price of SAR, adjusting the exercise price of SAR granted in the second phase from HKD2.09/share to HKD1.9223/share. On May 20, 2020, the Board approved the second grant of the adjustment plan of the exercise price of SAR, adjusting the exercise price of SAR granted in the second phase from HKD1.9223/share to HKD1.8393/share. On April 22, 2021, the Board approved the proposal on adjusting the exercise price of SAR in the second grant of the incentive scheme, adjusting the exercise price of SAR granted in the second phase from HKD1.8393/share to HKD1.7427/share.

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

During this Reporting Period, a total of 2,613,334 units under the initial implementation plan of the SAR expired. A total of 4,533,378 units under secondary implementation plan of the SAR expired. A total of 18,748,400 units under the secondary implementation plan of the SAR were exercised during this Reporting Period.

(2) Cash-settled share-based payment

Unit: RMB

Item	**For the period from January 1 to June 30, 2021**	For the period from January 1 to June 30, 2020
Methods for determining fair value of liabilities undertook by the Company and calculated by share or other equity instruments	**Black-Scholes options valuation model**	Black-Scholes options valuation model
Accumulated liabilities arising from cash-settled share-based payment in liabilities	**51,513,293.20**	16,684,216.95
Total fees recognized in respect of cash-settled share-based payment during the period	**15,253,683.30**	(40,487,396.21)

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, 2021**	December 31, 2020
Share price (HKD)	**1.73**	1.67
Expected volatility	**23.33%-27.93%**	21.56% – 28.12%
Expected dividend yield	**5.583%**	4.971%

The first grant under the Scheme:

Item	June 30, 2021	December 31, 2020
Exercise price (HKD)	**3.50**	3.50
Expected term	**0.46 year**	0.96 year
Risk-free rate	**0.002%**	0.080%
Fair value (HKD)	**0.000005**	0.0004

The second batch of the Scheme:

Item	June 30, 2021	December 31, 2020
Exercise price (HKD)	**1.74**	1.84
Expected term	**1.45-3.45 years**	1.95-3.95 years
Risk-free rate	**0.071%-0.409%**	0.085% – 0.217%
Fair value (HKD)	**0.15-0.16**	0.10-0.11

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

23. BREAKDOWN OF NON-RECURRING GAINS OR LOSSES

Unit: RMB

Item	For the six months ended June 30,	
	2021	2020
Gains or losses from disposal of non-current assets	**–**	209,089.84
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)	**93,807,461.72**	84,070,534.49
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)
Reversal of impairment provision for receivables which are impaired individually	**–**	–
Other non-operating income and expenses other than the items above, net	**(9,037,132.69)**	(30,409,522.63)
Other gains or losses items that meet the definition of non-recurring gains or losses	**(9,529,201.08)**	19,721,499.66
Total	**75,241,127.95**	71,837,743.82
Income tax effect of non-recurring gains or losses	**11,801,378.35**	9,883,726.45
Effect of non-recurring gains or losses attributable to minority shareholders	**(2,266,303.48)**	(332,335.45)
Effect of non-recurring gains or losses attributable to shareholders of the parent company, net	**65,706,053.08**	62,286,352.82

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

Item	For the six months ended June 30, **2021**	2020
Indicators of profitability		
EBITDA margin (%)[(1)]	**51.2**	59.0
Net profit margin (%)[(2)]	**23.5**	25.0
Indicators of investment returns		
Return on equity (excluding non-controlling interests) (%)[(3)]	**5.7**	5.8
Return on total assets (%)[(4)]	**3.4**	3.4
Indicators of solvency		
Interest coverage[(5)]	**3.2**	2.8

Item	**June 30, 2021**	December 31, 2020
Indicators of solvency		
Asset-liability ratio (%)[(6)]	**64.0**	63.9
Debt to equity ratio (%)[(7)]	**131.4**	138.0

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 ended June 30,			
	2021	2020	**Fluctuations increase/ (decrease)**	**Percentage change increase/ (decrease)**
	RMB' 000	*RMB' 000*	*RMB' 000*	*%*
Operating revenue	**36,865,672.29**	31,506,671.86	5,359,000.43	17.0
Operating costs	**23,174,159.76**	18,089,579.05	5,084,580.71	28.1
Finance costs(1)	**3,264,129.08**	4,314,414.74	(1,050,285.66)	(24.3)
Other gains(2)	**792,976.09**	1,177,052.33	(384,076.24)	(32.6)
Investment income(3)	**648,516.63**	422,246.05	226,270.58	53.6
Including: Income from investment in associates	**634,219.49**	417,541.09	216,678.40	51.9
Non-recurring gains or losses	**75,241.13**	71,837.74	3,403.39	4.7
Net profit attributable to shareholders of the parent company	**5,498,143.47**	5,205,219.11	292,924.36	5.6
Net profit attributable to shareholders of the parent company (excluding the effects of non-recurring gains or losses)	**5,432,437.42**	5,142,932.76	289,504.66	5.6

(1) The decrease in finance costs was primarily due to repayment of project loans, the decline in average loan interest rates and other factors, resulting in the decrease in interest expenses recognized in profit or loss by approximately RMB658.2 million over the corresponding period of previous year, and the increase in exchange gains by approximately RMB451.5 million over the corresponding period of previous year.

(2) The decrease in other gains was primarily due to the progress of the VAT refunds, so the VAT refunds received for the current period was less than the corresponding period of previous year.

(3) The increase in investment income was primarily due to the increase in investment income from Hongyanhe Nuclear, being our associate, and CGN Industry Investment Fund Phase I Co., Ltd (中廣核一期產業投資基金有限公司).

Revenue from Operation

	For the six months ended June 30,			
	2021	2020	**Fluctuations increase/ (decrease)**	**Percentage change increase/ (decrease)**
	RMB' 000	*RMB' 000*	*RMB' 000*	*%*
Revenue from principal business operations	**36,780,386.97**	31,459,685.97	5,320,701.00	16.9
Including: Sales of electricity[(1)]	**27,972,021.43**	27,128,789.86	843,231.57	3.1
Construction, installation and design services[(2)]	**8,157,319.56**	3,622,560.08	4,534,759.48	125.2
Revenue from other business operations	**85,285.32**	46,985.89	38,299.43	81.5
Total revenue from business operations	**36,865,672.29**	31,506,671.86	5,359,000.43	17.0

(1) The increase in revenue from sales of electricity was primarily due to the increase in the on-grid power generation of the subsidiaries of the Company by 3.95% over the corresponding period of previous year.

(2) The increase in revenue from construction, installation and design services was primarily due to the increase in the construction volume of Huizhou Nuclear Power Project, Cangnan Nuclear Power Project and CGNPC's wind power business of CGN Engineering.

Cost of Operations

	For the six months ended June 30,			
	2021	2020	**Fluctuations increase/ (decrease)**	**Percentage change increase/ (decrease)**
	RMB' 000	*RMB' 000*	*RMB' 000*	*%*
Cost of principal business operations	**23,127,473.07**	18,055,650.77	5,071,822.30	28.1
Including: Cost of sales of electricity	**14,430,480.23**	13,647,209.86	783,270.37	5.7
Of which: Cost of nuclear fuel	**3,741,367.56**	3,937,170.97	(195,803.41)	(5.0)
Depreciation of fixed assets	**5,090,177.30**	5,137,116.61	(46,939.31)	(0.9)
Provision for spent fuel management[(1)]	**1,266,448.10**	880,699.19	385,748.91	43.8
Construction, installation and design services[(2)]	**8,099,175.76**	3,616,036.01	4,483,139.75	124.0
Other costs of business operations	**46,686.69**	33,928.28	12,758.41	37.6
Total cost of operations	**23,174,159.76**	18,089,579.05	5,084,580.71	28.1

(1) The increase in provision for spent fuel management was primarily due to the commencement of provision and payment for spent fuel management as Yangjiang Unit 2 and Ningde Unit 3 commenced commercial operation for five years in June 2020 and Yangjiang Unit 3 and Fangchenggang Unit 1 commenced commercial operation for five years in January 2021.

(2) The increase in cost of construction, installation and design services was primarily due to the increase in the construction volume of Huizhou Nuclear Power Project, Cangnan Nuclear Power Project and CGNPC's wind power business of CGN Engineering.

Financial Position

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

	June 30, 2021 *RMB' 000*	December 31, 2020 *RMB' 000*	**Fluctuations increase/ (decrease)** *RMB' 000*	**Percentage change increase/ (decrease)** *%*
Bank and other borrowings[1]	**205,855,213.41**	207,445,359.37	(1,590,145.96)	(0.8)
Receivables[2]	**37,051,056.66**	32,575,080.85	4,475,975.81	13.7
Payables[3]	**36,921,418.39**	30,888,979.94	6,032,438.45	19.5
Inventories[4]	**13,981,053.44**	15,020,730.52	(1,039,677.08)	(6.9)
Fixed assets and intangible assets[5]	**248,615,308.78**	253,502,735.55	(4,887,426.77)	(1.9)

(1) Bank and other borrowings comprise short-term loans, short-term bonds payable included in other current liabilities, long-term loans, bonds payable, and long-term loans and bonds payable due within one year.

(2) Receivables comprise bills receivable, accounts receivable, accounts receivable financing, prepayments, contract assets and other receivables. The increase in receivables was primarily due to the change in the procurement of nuclear fuel from the commissioned processing method to the procurement of components. Payments made before the arrival of nuclear fuel components are included in prepayment, resulting in an increase in prepayments.

(3) Payables comprise bills payable, accounts payable, contract liabilities and other payables. The increase in payables was primarily due to the significant increase in dividends payable on June 30, 2021 as compared to December 31, 2020 as the Company distributed the 2020 dividend in July 2021.

(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 2021, the Company's cash flow position was better than the corresponding period of previous year, in which the net cash inflows from operating activities increased by RMB728.6 million as compared with the corresponding period of 2020, mainly because the income increased as compared with the corresponding period of 2020. The net cash outflows from investment activities increased by RMB1,799.2 million as compared with the corresponding period of 2020, mainly due to the increase in the payment for the purchase of the first furnace of nuclear fuel for Fangchenggang Unit 3 and Unit 4 and construction projects as compared with the corresponding period of previous year. The net cash outflows from financing activities decreased by RMB8,499.7 million as compared with the corresponding period of 2020, mainly due to the cash paid for debt repayment decreased by RMB6,962.5 million as compared with the corresponding period of 2020.

	For the six months ended June 30,			
	2021	2020	**Fluctuations increase/ (decrease)**	**Percentage change increase/ (decrease)**
	RMB' 000	*RMB' 000*	*RMB' 000*	*%*
Net cash inflows from operating activities	**15,735,475.88**	15,006,857.09	728,618.79	4.9
Net cash outflows from investment activities	**5,070,091.92**	3,270,916.00	1,799,175.92	55.0
Net cash outflows from financing activities	**6,804,834.30**	15,304,544.81	(8,499,710.51)	(55.5)

(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, 2021.

INVESTMENT IN FIXED ASSETS

For the six months ended June 30, 2021, the Group's investment in fixed assets (cash flows) amounted to approximately RMB7,506.2 million, representing an increase of RMB1,127.8 million or 17.7% from RMB6,378.4 million in the corresponding period in 2020.

INVESTMENTS IN EQUITY

For the six months ended June 30, 2021, the Group increased its capital investment in associates by RMB15.1 million, of which capital of RMB6.4 million and RMB8.7 million were injected to CGN Industry Investment Fund Phase I Co., Ltd (中廣核一期產業投資基金有限公司) and Gansu Longhe Environmental Protection Technology Co., Ltd. (甘肅龍和環保科技有限公司) respectively.

MATERIAL ACQUISITION AND DISPOSAL

The Group had no material acquisition or disposal for the six months ended June 30, 2021.

USE OF PROCEEDS

The Company had used all of the proceeds from the global offering of H shares in December 2014 and the proceeds from the initial public offering (A shares) on the Shenzhen Stock Exchange in August 2019. For the six months ended June 30, 2021, the Group had no use of proceeds.

External Financing Environment

In the first half of 2021, in view of the complex domestic and foreign environment with constant changes, China's economy sustained steady resumption, with further rebound in production demand and overall stable price levels. The major macro-economic indicators were within a reasonable range while the economic development exhibited a steady and stable upward trend. The gross domestic product ("**GDP**") in China recorded a year-on-year increase of 12.7%. In the first half of 2021, the People's Bank of China maintained the stability and enhanced the effectiveness of its monetary policy, and promoted a steady and moderate decline in comprehensive financing costs. The average financing interest rate of the Company declined. At the same time, the RMB exchange rate showed a trend of appreciation, and the fluctuations in exchange rate continued to be worth attention.

In the first half of 2021, 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. The Company carried out various financing activities in an orderly manner.

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 2021, 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, 2021, the Group's total borrowings amounted to RMB205,855.2 million with major financing channels including borrowings from banks and other institutions (accounting for approximately 92.2%), corporate bonds (accounting for approximately 1.0%), medium-term notes (accounting for approximately 5.3%), ultra short-term financing notes (accounting for approximately 1.5%) 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 2021, the Company seized the opportunity in the bond market to issue two tranches of ultra short-term financing notes and two tranches of medium-term notes, with a total financing size of RMB6,500.0 million, which effectively met capital needs and reduced financing costs. At the same time, the Company continued to strengthen communication with its banking partners, striving to reduce the existing and new loan interest rates.

The registration of a multi-type debt financing instruments (TDFI) of the Company has been approved at 2020 annual general meeting of the Company in May 2021. The Company is proceeding with the preparatory work for registration. Upon completion of registration, the Company will commence the issuance in due course based on market conditions and its 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 2021, 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 2020, the Group's total bank borrowings denominated in foreign currencies decreased by approximately RMB1,390.4 million 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, 2021, we had credits for unutilized general banking facilities of RMB132,713.5 million, credits for ultra short-term financing notes being readily available for public offering of RMB2,000.0 million, medium-term notes being readily available for public offering of RMB4,000.0 million and cash at bank and in hand of RMB14,331.4 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 2021, China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司) assessed the credit rating of the Company, and based on the reasons that "the Company's 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, 2021, the Group had not provided any external guarantee.

Assets with Restricted Ownership

As of June 30, 2021, the Group's assets pledged to banks and with restricted ownership due to other reasons amounted to RMB24,364.0 million in carrying value, which secured loans for the Group. As of December 31, 2020, the carrying value of the Group's assets pledged to banks and with restricted ownership due to other reasons was RMB21,704.9 million.

As of June 30, 2021 and December 31, 2020, the electricity tariff collection rights of Lingdong Nuclear, Yangjiang Nuclear, Fangchenggang Nuclear, Ningde Nuclear and Taishan Nuclear were pledged to secure the facilities and loans from banks to these entities.

Legal Proceedings

The Group confirmed that, for the six months ended June 30, 2021, there was no significant litigation against the Group, and the Board was not aware of any pending or threatened litigation against the Group which had or could have a material and adverse effect on the financial conditions or operations of the Group.

Investment Direction

Based on the strategies and business development needs of the Company, the Company will finance the construction of NPPs under construction according to its investment schedules, continue to fund the technological improvement in 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 2021.

BUSINESS PERFORMANCE AND OUTLOOK

(I) INDUSTRY OVERVIEW

On March 11, 2021, the Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) (the "**Plan Outline**") was approved at the Fourth Plenary Session of the 13th National People's Congress of 2021. The "Establishing a modern energy system" section in the Plan Outline stated "to actively and orderly push forward the construction of the Generation III nuclear power plants along the coast", "to accelerate the development of exemplary advanced reactors such as small modular reactors, 600 MW commercial high-temperature gas-cooled reactors and offshore floating nuclear power platforms" and "to achieve installed nuclear power capacity of 70 GW". On April 19, 2021, the National Energy Administration published the Guiding Opinions on Energy Work for 2021 (《2021年能源工作指導意見》), which clearly pointed out that it is necessary to "take active and well-ordered steps to develop nuclear energy on the basis of ensuring its safe use".

On April 14, 2021, the China Nuclear Energy Association published the Report on the Development of China's Nuclear Energy 2021 (《中國核能發展報告(2021)》), which stated that nuclear power can be a base load power source that can replace traditional fossil fuels on a large scale due to its operational stability, reliability and long refueling intervals, and facilitate the establishment of a clean, low-carbon, safe and efficient energy supply system in coordinated development with clean energy such as wind, photovoltaics and hydropower. In view of accelerated transformation of the energy system characterized by clean and low carbon development and the gradual reduction of coal power generation, nuclear power will be an effective choice for securing the national energy safety and constructing a new power system based on new energy. On the same day, the China Nuclear Energy Association also pointed out the scope of comprehensive utilization of large nuclear power generators will be further expanded and important opportunities will emerge in the development of small modular reactors in various areas including power supply, heat supply, hydrogen production and seawater desalination at the China Nuclear Energy Sustainable Development Forum (中國核能可持續發展論壇) organized by it.

We believe that, in the 14th Five-Year and in the medium to long run, the development of the nuclear power industry in China is still and will be in an important strategic opportunity period. Against the backdrop of striving to reach the peak of CO_2 emissions before 2030 and striving to achieve carbon neutrality before 2060, the room for development and the market prospects of the domestic nuclear power and its comprehensive utilization will be more extensive.

According to the data released by the National Bureau of Statistics on July 15, 2021, the GDP in the first half of 2021 increased by 12.7% year on year, and the average growth rate for the past two years was 5.3%. China's economy sustained steady resumption, while the economy development exhibited a steady and stable upward trend. According to the Briefings on the Operation of the National Power Industry from January to June 2021 (《2021年1-6月份電力工業運行簡況》) published by the China Electricity Council, in the first half of 2021, the total electricity consumption in the PRC increased by 16.2% year on year. At the same time, the national average utilization hours of power generating units was 1,853 hours, representing a year-on-year increase of 119 hours. The power demand and supply in the PRC achieved an overall balance, where power demand and supply may run tight in some regions during the peak period. We believe the electricity consumption of China is expected to further increase in the second half of 2021.

Meanwhile, the pace of the national power system reform accelerated, and the share of electricity traded in each provincial and regional market further expanded, gradually improving the power trading system. As always, 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 further exploring the trading pattern in the electricity market, we seized the opportunity and actively participated in market-oriented trading for more power generation and better power tariff.

(II) BUSINESS PERFORMANCE AND ANALYSIS

In the first half of 2021, we managed 24 nuclear power generating units in operation and seven nuclear power generating units under construction (including three units 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 2021, and our work in respect of human resources and social responsibilities.

Safety Management

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

We continued to improve our safety management system and optimize management approach. Based on our experience in nuclear power operation over the years, we have established a mature safety management system. In the first half of 2021, we continued to implement a special inspection and supervision mechanism for safety management led by our senior management in every nuclear power base, which enabled the Company to reinforce accountability at all levels, fix the loopholes in the safety management system and strengthen execution of the safety management concept of "Involving All". Under such leadership, we fostered a culture drawing everyone's attention to safety, encouraging everyone's participation in safety, and facilitating everyone's supervision on safety, which enabled the Company to reinforce accountability at all levels and strengthen execution in safety management, in order to further consolidate the foundation of the Company's safety management.

At the same time, we continued to promote internal supervision of the Company 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.

In the first half of 2021, 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 had maintained our all-time good safety record of no nuclear event 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, 2021, our 24 nuclear power units in operation were subject to less impacts from the COVID-19 pandemic as compared with the corresponding period in 2020. With the year-on-year increase in the duration of outages in terms of days, the on-grid power generation has increased. The on-grid power generation figures (unit: GWh) of our NPPs are as follows:

Name of NPP	For the six months ended June 30, 2021	2020	Change rate for the same period (%)
From subsidiaries			
Daya Bay NPP	**7,352.71**	8,368.19	-12.14
Ling'ao NPP	**7,225.88**	7,126.06	1.40
Lingdong NPP	**6,978.83**	6,830.87	2.17
Ningde NPP	**15,898.38**	13,806.93	15.15
Yangjiang NPP	**22,710.08**	20,569.56	10.41
Fangchenggang NPP	**8,770.20**	7,680.15	14.19
Taishan NPP	**10,136.41**	11,688.50	-13.28
Subsidiaries, total	**79,072.49**	76,070.27	3.95
From associates			
Hongyanhe NPP	**16,154.01**	14,278.41	13.14
Subsidiaries and associates, total	**95,226.50**	90,348.68	5.40

Daya Bay NPP: It completed a refueling outage for Unit 1 in the first half of 2021 and did not conduct any refueling outage in the corresponding period of previous year.

Ling'ao NPP: It completed a refueling outage for Unit 1 in the first half of 2021 and did not conduct any refueling outage in the corresponding period of previous year. Ling'ao NPP 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 2021 as compared with the corresponding period of previous year.

Lingdong NPP: It completed a ten-year outage for Unit 1 in the first half of 2021 and completed a refueling outage in the corresponding period of previous year. The duration of the outage in the first half of 2021 was longer as compared with the corresponding period of previous year. It did not conduct any refueling outage for Unit 2 in the first half of 2021 and completed a refueling outage in the corresponding period of previous year.

Yangjiang NPP: It completed a refueling outage for Unit 1, Unit 4 and Unit 5 in the first half of 2021 and did not conduct any refueling outage in the corresponding period of previous year. Unit 2 and Unit 6 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 2021 as compared with the corresponding period of previous year. It did not conduct any refueling outage for Unit 3 in the first half of 2021 and completed a refueling outage in the corresponding period of previous year.

Fangchenggang NPP: It did not conduct any refueling outage for Unit 1 in the first half of 2021 and completed a refueling outage in the corresponding period of previous year. 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 2021 as compared with the corresponding period of previous year.

Ningde NPP: It did not conduct any refueling outage for Unit 1 in the first half of 2021 and completed a refueling outage in the corresponding period of previous year. It completed a refueling outage for Unit 2 and Unit 3 in the first half of 2021 and did not conduct any refueling outage in the corresponding period of previous year. Unit 2 and Unit 3 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 2021 as compared with the corresponding period of previous year. 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 2021 as compared with the corresponding period of previous year.

Taishan NPP: Unit 1 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 2021 as compared with the corresponding period of previous year. It completed the initial outage for Unit 2 after commencement of operation in the first half of 2021 which had longer duration, being similar to that of a ten-year outage.

Hongyanhe NPP: Unit 1 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 2021 as compared with the corresponding period of previous year. It did not conduct any refueling outage for Unit 2 in the first half of 2021 and completed a refueling outage in the corresponding period of previous year. It completed a refueling outage for Unit 3 in the first half of 2021 and did not conduct any refueling outage in the corresponding period of previous year. Unit 3 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 2021 as compared with the corresponding period of previous year. The duration of the refueling outage for Unit 4 in the first half of 2021 was longer as compared with the corresponding period of previous year.

We completed 11 refueling outages among our 24 nuclear power generating units in operation in the first half of 2021 as planned. The total number of calendar days for the refueling outages in the first half of 2021 was about 408 days.

Operation Performance

Capacity factor, load factor and utilization hours are the three indicators normally used by us to evaluate the utilization of nuclear power generating units. They are mainly affected by the effects of 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 carried over to the next year, resulting in small differences between the duration of outages in different years with respect to the same type of refueling outage for the same type of generating unit. Meanwhile, load factor and utilization hours of nuclear power generating units are also under the influence of the transmission line maintenance or temporary operation at reduced load or shutdown resulting from the demand and supply conditions of the electricity market.

The details of the operation performance of generating units we operated and managed in the first half of 2021 are as follows:

	Capacity factor (%) For the six months ended June 30,		**Load factor (%) For the six months ended June 30,**		**Utilization hours (hours) For the six months ended June 30,**	
Nuclear power generating unit	**2021**	2020	**2021**	2020	**2021**	2020
From subsidiaries						
Daya Bay Unit 1	**77.67**	99.99	**78.87**	101.77	**3,427**	4,446
Daya Bay Unit 2	**99.99**	99.99	**101.21**	101.63	**4,397**	4,440
Ling'ao Unit 1	**79.18**	100.00	**79.21**	81.52	**3,440**	3,560
Ling'ao Unit 2	**99.97**	100.00	**96.24**	90.65	**4,179**	3,958
Lingdong Unit 1	**66.58**	82.35	**64.35**	75.47	**2,793**	3,294
Lingdong Unit 2	**100.00**	85.46	**92.83**	77.80	**4,029**	3,396
Yangjiang Unit 1	**77.28**	97.00	**76.35**	88.01	**3,317**	3,844
Yangjiang Unit 2	**99.96**	89.72	**96.43**	68.47	**4,189**	2,991
Yangjiang Unit 3	**98.75**	72.56	**87.29**	66.08	**3,792**	2,886
Yangjiang Unit 4	**78.72**	94.17	**78.28**	84.70	**3,401**	3,699
Yangjiang Unit 5	**88.72**	91.58	**83.43**	75.95	**3,624**	3,317
Yangjiang Unit 6	**96.02**	93.73	**90.63**	79.15	**3,937**	3,457
Fangchenggang Unit 1	**99.72**	82.57	**97.94**	72.54	**4,255**	3,467
Fangchenggang Unit 2	**99.99**	99.98	**99.42**	90.53	**4,319**	4,064

Nuclear power generating unit	Capacity factor (%) For the six months ended June 30, 2021	2020	Load factor (%) For the six months ended June 30, 2021	2020	Utilization hours (hours) For the six months ended June 30, 2021	2020
Ningde Unit 1	**99.99**	83.26	**95.85**	68.11	**4,164**	2,975
Ningde Unit 2	**81.29**	99.99	**80.41**	81.63	**3,493**	3,566
Ningde Unit 3	**90.06**	100.00	**81.83**	82.65	**3,555**	3,610
Ningde Unit 4	**99.98**	98.51	**99.95**	79.59	**4,342**	3,476
Taishan Unit 1	**95.85**	95.66	**90.56**	87.69	**3,934**	3,569
Taishan Unit 2	**58.21**	97.03	**52.08**	93.04	**2,262**	3,594
From associates						
Hongyanhe Unit 1	**99.98**	99.99	**97.86**	93.08	**4,251**	4,066
Hongyanhe Unit 2	**100.00**	81.66	**97.56**	76.05	**4,238**	3,322
Hongyanhe Unit 3	**76.14**	99.75	**75.22**	58.28	**3,268**	2,546
Hongyanhe Unit 4	**85.70**	90.05	**83.35**	84.81	**3,621**	3,705
From subsidiaries and associates						
Average	**89.57**	93.13	**86.55**	81.63	**3,726**	3,545

"Pursuit of Excellence" is one of the basic principles of the Company. In order to discover our inadequacies and make sustained improvements, we continue to compare our indicators with international counterparts. In recent years, when compared with the one-year benchmark value of the 12 performance indicators for the PWR set by the World Association of Nuclear Operators (the "**WANO**"), for our nuclear power 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.

The following table indicates the comparison of the one-year benchmark value of the 12 performance indicators for the PWR by the WANO for the six months ended June 30, 2021 and the corresponding period in 2020:

	For the six months ended June 30,	
	2021	2020
Number of units	**24**	24
Total number of indicators	**288**	288
Including:		
Number/proportion of indicators ranked top 1/4 level (advanced level) in the world	**247/85.76%**	230/79.86%
Number/proportion of indicators ranked top 1/10 level (excellent level) in the world	**242/84.03%**	223/77.43%

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 2021, 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.

	Daya Bay Base Area (including Daya Bay NPP, Ling'ao NPP and Lingdong NPP)		Yangjiang NPP		Fangchenggang NPP		Ningde NPP		Taishan NPP		Hongyanhe NPP	
	For the six months ended June 30,											
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Discharged liquid radioactive waste (radionuclides other than tritium) as a percentage of the national standards	**0.12%**	0.10%	**0.20%**	0.20%	**0.09%**	0.18%	**0.27%**	0.10%	**2.48%**	1.52%	**0.10%**	0.08%
Discharged gas radioactive waste (inert gases) as a percentage of the national standards	**0.23%**	0.21%	**0.09%**	0.11%	**0.14%**	0.15%	**0.13%**	0.14%	**2.08%**	0.84%	**0.57%**	0.07%
Solid radioactive waste (cubic meters)	**76.1**	45.5	**31.6**	64.2	**6.8**	40.1	**21.2**	73.6	**0**	0	**55.2**	50.8
Results of environmental monitoring	**Normal**	Normal	**Normal**	Normal	**Normal**	Normal	**Normal**	Normal	**Normal**	Normal	**Normal**	Normal

Note: The main reasons for changes in the data include: the refueling outage plan is different for every unit, maintenance projects are different, the annual discharge limit of Taishan NPP was different from other power stations, and there is no comparability among 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 2021, our on-grid nuclear power generation in effect represented a reduction of approximately 28.7013 million tons of standard coal consumption, approximately 79.2284 million tons of CO_2 emissions, approximately 15,200 tons of sulphur dioxide emissions, and approximately 17,000 tons of oxynitride emissions.

Nuclear Power Generating Units under Construction

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, 2021, we had seven nuclear power generating units under construction. Please refer to the table below of details. Hongyanhe Unit 5 was qualified for commercial operation on July 31, 2021.

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 safety and quality of 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			✓		2022
Fangchenggang Unit 4		✓			2022
From associates					
Hongyanhe Unit 5				✓	Qualified for commercial operation on July 31, 2021
Hongyanhe Unit 6			✓		First half of 2022
From the company which was entrusted by the controlling shareholder for management					
Huizhou Unit 1	✓				2025
Huizhou Unit 2	✓				2026
Cangnan Unit 1	✓				2026

Notes:

1. "Civil construction" phase refers to the process from the First Concrete Day ("FCD") to the proper roof installation of the main plant of the nuclear reactor.

2. "Equipment installation" phase refers to the process from the installation of nuclear island equipment upon the roof installation of the main plant of the nuclear reactor to the nuclear island main system meeting the conditions to conduct cold function tests.

3. "Commissioning" phase refers to the process of conducting cold function tests for nuclear island main system and commencing joint commissioning for the power plant.

4. "Grid connection" phase refers to the commissioning of generators upon the first grid connection with the power grid, demonstrating that the units are capable for power generation.

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

In the first half of 2021, the electricity demand has increased rapidly in China, and the power supply and demand situation was more favorable than the same period in the past three years. As the economic development condition of each province differed, the supply and demand for electricity in some provinces and regions where our nuclear power generating units are located varied. The Company continued to adopt the power sales strategy of "striving for more shares of planned on-grid power generation, striving for better market power generation and power tariff, striving for development and utilization of incremental market and striving for more shares in power transmission across provinces and regions" in the first half of 2021. We outperformed in our power generation plan in the first half of 2021, which provided a guarantee for the overall economic benefits of the Company.

In the first half of 2021, our nuclear power units in operation achieved 95,226.50 GWh of on-grid electricity with an increase of 5.40% year-on-year. Among them, market-based power generation volume accounted for approximately 37.90% of the total on-grid power generation, representing an increase of 12.44% over the same period in 2020, which was mainly due to the increase in market-based power generation volume of Ningde Nuclear and the earlier market-based settlement time of Hongyanhe Nuclear this year as compared to the same period last year.

In the first half of 2021, each of our power sales subsidiaries closely tracked the power markets in the provinces and regions where they are located at, and actively participated in market transactions. There were 42 agent retail users and the actual power consumption of the agent users was 1,397 GWh.

Guangdong Province: The electricity consumption increased by 22.89% in the first half of 2021 over the corresponding period of previous year. The Company's nuclear power generating units in Guangdong province continued to adopt the "full capacity power generation with favorable tariff" model, in which, Ling'ao Unit 2 and Yangjiang Unit 2 participated in the electricity market with a total of 2,000GWh. Affected by the year-on-year increase in the duration of planned outages of the nuclear power generating units within the Guangdong province, the on-grid power generation decreased by 0.33% over the corresponding period of previous year. Excluding the impact of the duration of outages, the on-grid power increased by 6.42% year on year.

Fujian Province: The electricity consumption increased by 19.65% in the first half of 2021 over the corresponding period of previous year. Affected by less rainfall, the duration of operation at reduced load of Ningde Nuclear significantly reduced as compared with the first half of 2020, and the on-grid power generation increased by 15.15% over the corresponding period of previous year.

Guangxi Zhuang Autonomous Region: The electricity consumption increased by 18.44% in the first half of 2021 over the corresponding period of previous year. Fangchenggang Nuclear actively developed the incremental market, coordinated and optimized the operation mode of the units, and the on-grid power generation increased by 14.19% over the corresponding period of previous year.

Liaoning Province: The electricity consumption in the first half of 2021 increased by 10.31% over the corresponding period of previous year. With proactive expansion in power market, Hongyanhe Nuclear entered into larger transactions within the province and recorded a year-on-year increase in the trading volume of bilateral trades in the province, and the on-grid power generation increased by 13.14% over the corresponding period of previous year.

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 2021, the planned on-grid tariffs of operating units of the Company remained stable and unchanged. As the balance between power supply and demand improved, rationality has been restored in the market-based on-grid tariff, and the difference between the market-based on-grid tariff and the planned on-grid tariff became smaller.

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 as of June 30, 2021.

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

On July 14, 2021, Hongyanhe Nuclear received the Approval of the Provincial Development and Reform Commission on the Temporary On-grid Tariff for Unit 5 of the Phase II of Liaoning Hongyanhe Nuclear Power Project (《省發展改革委關於遼寧紅沿河核電二期工程 5 號機組臨時上網電價的批覆》) (Liao Fa Gai Jia Ge Zi [2021] No. 41) issued by the Liaoning Provincial Development and Reform Commission, which was an approval to the on-grid tariff. According to the approval, the temporary on-grid tariff of Hongyanhe Unit 5 shall be RMB0.3749/kWh (tax inclusive), the implementation period of which shall commence from the date of commercial operation of Hongyanhe Unit 5 and end on the date of commercial operation of Hongyanhe Unit 6. During the implementation period, in case of any adjustment in the national tariff policy, the aforesaid temporary on-grid tariff will be adjusted in accordance with the new policy.

Human Resources

As of June 30, 2021, the total number of employees of the Group was 18,020 employees (excluding our associates). The Group implements remuneration policy that is competitive in the industry, and pays commissions and discretionary bonus to its employees with reference to the performance of the Group and individual employees. The total cost of the employees for the six months ended June 30, 2021 amounted to approximately RMB4,936.07 million (exclusive of our associates).

The Company has established a long-term share appreciation rights incentive scheme to enhance its attractiveness to key talents and create more value for shareholders. The H Shares Appreciation Rights Scheme was approved at the 2014 annual general meeting held on June 12, 2015. The details of the grant of the SAR are set out in Note 22 to the financial information in this announcement.

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 2021 and that of 2020 at NPPs operated and managed by us:

	For the six months ended June 30,	
NPP/Unit	**2021**	2020
Daya Bay NPP, Ling'ao NPP and Lingdong NPP	**11.198**	N/A
Yangjiang NPP	**8.807**	4.16
Fangchenggang NPP Unit 1 and Unit 2	**0.822**	3.52
Ningde NPP	**3.981**	6.46
Taishan NPP	**3.996**	1.29
Hongyanhe NPP Unit 1, Unit 2, Unit 3 and Unit 4	**3.915**	5.45

Note: The changes in data are primarily due to the differences in outage schedules and maintenance projects during the six months ended June 30, 2021. According to the opinions from the relevant national regulatory authorities, since 2021, the personal radiation doses generated by the Daya Bay NPP, Ling'ao NPP and Lingdong NPP located in the Daya Bay Nuclear Power Base have been consolidated.

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 after fuel loading must be published on such public information platform within two natural days from the day the incident was defined (excluding the day on which the incident was defined). In the first half of 2021, the Company disclosed all relevant information within the specified time as required.

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 2021, the Company and our NPPs convened six 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 2021, the China Nuclear Energy Sustainable Development Forum – 2021 Spring Summit and the 14th China Exhibition on Nuclear Power Industry was held at the China National Convention Center in Beijing. At this exhibition, the Company exhibited our latest achievements in research and development, manufacturing, and application. The Fangchenggang NPP Roaming System and the HPR1000 main control room roaming system were also unveiled at the Nuclear Power Industry Exhibition for the first time. The VR digital roaming system completely restores the whole picture of the NPPs. It was the most intuitive and convenient way for the public to understand NPPs. It shortened the distance between the public and NPPs and enhanced the experience of interaction of the public.

In June 2021, the "June 5" Environment Day event on nuclear safety in Liaoning Province was held at Hongyanhe Nuclear Basc. At the event, China's first science knowledge promotion cloud museum for nuclear and radiation safety has been launched. The public may log into the science knowledge promotion cloud museum via mobile phones to experience nuclear energy and nuclear power in a convenient, three-dimensional, and vivid manner, and understand nuclear safety. At the same time, the science knowledge promotion cloud museum also relied on the on-site equipment and plant of Hongyanhe Nuclear to produce online three-dimensional scenes, which displayed the operation process, safety measures and nuclear safety culture of NPPs in a three-dimensional and vivid manner. With such a novel method and extensive content, the public can have a better understanding of the operation process and safety management of NPPs, and strengthen their confidence in the safe and stable operation of NPPs.

In June 2021, science knowledge promotion volunteers of Ningde Nuclear visited Baiyang Central Primary School in Xiapu County, Ningde City. The volunteers raised a variety of lively and interesting quizzes to educate children about nuclear power, marine environmental protection and garbage classification. Children can learn knowledge of nuclear power in the laughter, and the seed of environmental protection and public welfare has been planted among teenagers and children.

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.

In February 2021, Daya Bay Nuclear Power Operations and Management Co., Ltd. (大亞灣核電運營管理有限責任公司) launched a Chinese New Year heart-warming blessing activity, visiting a total of 731 elderly and poor families in Pengcheng Community, Lingao Community, Dakengshang Village, Dakengxia Village and Lingxia Village in Dapeng New District, Shenzhen, Guangdong Province.

In February 2021, Yangjiang Nuclear launched a series of poverty alleviation activities to 315 needy households in three village committees of Yunbo Village, Yangdong District, Yangjiang City, Shazui Village and Naqin Village, Beidou Town, Taishan City in Guangdong Province and gave them new year gift packs as well as blessings. This is the third consecutive year that Yangjiang Nuclear participated in the "Red Cross Love to Ten Thousand Families" activity in Yangjiang City. The village poverty alleviation team of Yangjiang Nuclear also launched 33 counterpart party branches to visit the 130 homes of needy people in Kongtong Village, Yangjiang City. The new year's blessings helped the people in difficulties and consolidate the results of poverty alleviation.

In May 2021, four young volunteers from Fangchenggang Nuclear travelled back and forth for more than 800 kilometers. Using their knowledge, they gave a special gift to Lanjin Primary School in Yaozhaili, Lingyun County, Baise City, Guangxi — a standardized managed, neat and orderly campus library. They realized the standardized management of the library in Lanjin Primary School, and they also received recognition and praise from the school.

In the first half of 2021, paying attention to the power safety, physical health, elderly care and other issues closely related to the lives of surrounding residents, Taishan Nuclear joined hands with Chixi Town Party Committee to do practical work and solve problems for the surrounding residents. For example, they conducted potential power safety hazards inspections and power circuit upgrades for the low-income households in Longjing Village, which mitigated the potential power safety hazards; organized volunteer activities for free medical consultation in Tonggu Village; and repaired faulty home appliances for the public.

(III) FUTURE OUTLOOK

In the 14th Five-Year Plan and the mid-to-long term, the development of the nuclear energy industry is still and will be in an important strategic opportunity period. The nuclear energy industry will embrace more room for development, and development of the Company and the economy will also face a variety of new demands and changes. In order to lead the high-quality development of the Group's nuclear energy business in the future, we have formulated the Nuclear Energy Industry Medium and Long-term Development Strategy and 14th Five-Year Plan (《核能產業中長期發展戰略及"十四五"規劃》) of the Group, which have been approved by the Board of the Company. 2021 is the first year of the 14th Five-Year Plan. We will maintain a nuclear safety culture of integrity and transparency as always, adhere to the basic principle of "Safety First, Quality Foremost, Pursuit of Excellence", develop new ideas, proactively plan and actively respond.

Development Strategy of the Company

By 2035, we will become a world-class nuclear energy company with international competitiveness with significant enhancement in comprehensive competitiveness of the industry and an installed nuclear power capacity in operation exceeding 70,000 MW, We target to rank first in terms of the total installed nuclear power capacity in operation and under construction in the world with excellence in key performance indicators such as safe operation, project construction and operating efficiency and remarkable results in comprehensive benefits of comprehensive nuclear energy utilization.

During the 14th Five-Year Plan period, aiming to achieve the 2035 long-term goals, we will focus on the five "first-class" goals in respect of safety and quality, construction, technology innovation, operational efficiency and enterprise management. In addition, we will strive to strengthen our foundation, expand our competitive edges, remedy our shortcomings, strengthen our weaknesses, as well as facilitate industry development and expansion, thereby achieving quality, efficient, fair, sustainable, and safe development. During the 14th Five-Year Plan period, the Company will strive to realize the quality commercial operation of Hongyanhe Unit 5 and Unit 6, Fangchenggang Unit 3 and Unit 4, and Huizhou Unit 1, and strive to commence the construction of two to three new units every year.

Outlook for the Second Half of the Year

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

- In conformity with the new environment, we will continue to carry out safety standardization and international benchmarking, reinforce the implementation of centralized measures applying new technology to avoid human errors, and enhance industrial safety, fire control and network information security management, in order to promote nuclear power safety;

- In the premise of ensuring safety and quality, we will push forward construction of generating units (including entrusted management projects) as planned, in order to achieve that Hongyanhe Unit 5 to commence high quality commercial operation within 2021 (as at July 31, 2021, Hongyanhe Unit 5 is already qualified for commercial operation);

- We will ensure the safe and stable operation of all the generating units in operation. We plan to conduct two refueling outages in the third quarter and three refueling outages in the fourth quarter;

- We will adapt to the changes in the electricity market situation, strengthen the marketing system and mechanism of electricity market, as well as the development of marketing capabilities for electricity market to strive for more on-grid generation through various channels and initiatives. We will also pay close attention to the electricity market environment in other provinces and regions and adopt targeted marketing strategies, striving to achieve our goal of the year, i.e. an average utilization hour of generating units in 2021 not less than the average of the average utilization hour of generating units for the latest three years;

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

- We will continuously push forward the implementation of CSS management (standardization, centralization and specialization) strategy and lean management and strengthen internal resource coordination and cooperation to strengthen our control on construction cost of units under construction as well as further control on operation and management cost of generating units in operation; and

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

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, 2021.

INTERIM DIVIDEND

Pursuant to the Company's dividend distribution policy, payment of an interim dividend for the six months ended June 30, 2021 is not recommended.

SUBSEQUENT EVENTS

In July 2021, the Company completed the issue of the third tranche of super short-term debentures for 2021, and the actual total issuing amount was RMB2 billion. In August 2021, the Company completed the issue of the fourth tranche of super short-term debentures for 2021, and the actual total issuing amount was RMB800 million.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Since the date of listing, the Company has formulated the Corporate Governance Code of the Company, and has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules (the "**Stock Exchange Codes**").

For the six months ended June 30, 2021, the Company had complied with all code provisions and all recommended best practices contained in the Stock Exchange Codes.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has formulated the Code for Securities Transactions by Directors and Specified Individuals, and has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Company by Directors. According to the specific enquiry made to all Directors, all Directors have confirmed that they have strictly complied with the standards set out in the two aforementioned codes 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. Yang Jiayi and Mr. Li Fuyou). Mr. Yang Jiayi, who possesses accounting qualification, acts as the chairman of the Audit and Risk Management Committee.

On August 20, 2021, the Audit and Risk Management Committee has reviewed and confirmed the interim results announcement for the six months ended June 30, 2021 of the Group, and the unaudited consolidated financial statements as of June 30, 2021 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 2021 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, 2021

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 comprises Mr. Gao Ligang and Mr. Jiang Dajin as executive Directors; Mr. Yang Changli, Mr. Shi Bing, Mr. Li Mingliang and Mr. Gu Jian as non-executive Directors; Mr. Li Fuyou, Mr. Yang Jiayi, Mr. Xia Ceming and Mr. Tang Chi Cheung as independent non-executive Directors.

* *For identification purpose only*