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CGN Power Co., Ltd.*

中國廣核電力股份有限公司

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

(Stock Code: 1816)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2021:

- Operating revenue of the Group was approximately RMB80,678.7 million, representing an increase of 14.3% over 2020.
- Net profit attributable to shareholders of the parent company was approximately RMB9,732.6 million, representing an increase of 1.8% over 2020.
- Net profit attributable to shareholders of the parent company (excluding the effects of non-recurring gains or losses) was approximately RMB9,729.9 million, representing an increase of 3.4% over 2020.
- The Board recommended a payment of final cash dividend of RMB0.084 (inclusive of tax) per share.

Note: For details of non-recurring gains or losses, please refer to note 24 to the financial information of this announcement.

* *For identification purpose only*

The board of directors (the “**Directors**”) (the “**Board**”) of CGN Power Co., Ltd. (the “**Company**”, “**we**” or “**us**”) hereby announces the consolidated operating results of the Company and its subsidiaries (the “**Group**”) for the year ended December 31, 2021 (the “**Reporting Period**”) together with the comparative figures for the year 2020. The financial data of the Group for the year ended December 31, 2021 shown in this results announcement is based on the audited consolidated financial statements prepared in accordance with the China Accounting Standards for Business Enterprises (“**CASBE**”), the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (“**Hong Kong Companies Ordinance**”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

FINANCIAL INFORMATION

The financial information set out below in this announcement is extracted from the Company's 2021 annual report (the "2021 Annual Report"). Such financial information has been reviewed by the audit and risk management committee of the Company (the "Audit and Risk Management Committee"), approved by the Board and agreed by KPMG Huazhen LLP, the external auditor of the Company. The consolidated financial statements of the Company for the year 2021 prepared in accordance with the CASBE has been audited by the external auditor of the Company with unqualified audit opinion being issued.

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2021

(Expressed in RMB)

	NOTES	2021 (Audited)	2020 (Audited)
I. Operating revenue	4	80,678,744,757.95	70,584,710,557.13
Less: Operating costs	4	53,895,340,108.78	44,419,291,782.18
Tax and surcharges		610,245,628.19	621,738,133.27
Selling expenses		78,994,204.22	71,158,554.79
Administrative expenses		2,426,031,547.96	2,392,589,703.74
Research and development expenses		1,753,035,238.82	1,535,988,543.87
Finance costs	5	6,401,428,925.72	7,827,745,086.07
Including: Interest expenses		7,132,079,811.79	8,045,778,571.89
Interest income		153,714,185.11	197,865,779.92
Add: Other gains	6	1,698,945,028.91	2,248,487,823.24
Investment income	7	1,366,911,661.27	1,143,576,441.76
Including: Income from investment in associates and joint ventures	7	1,364,197,656.78	1,119,833,344.38
(Losses)/gains from changes in fair value		(103,245,506.73)	5,266,866.40
Losses from credit impairment	8	(14,595,464.34)	(21,256,677.56)
Asset impairment losses	9	(148,094,089.05)	(199,469,417.80)
Gains/(losses) from disposal of assets		78,676.45	(1,293,786.08)
II. Operating profit		18,313,669,410.77	16,891,510,003.17
Add: Non-operating income		47,254,111.21	44,318,439.93
Less: Non-operating expenses		234,802,982.78	85,706,966.89
III. Total profit		18,126,120,539.20	16,850,121,476.21
Less: Income tax expenses	10	2,442,175,526.17	1,974,484,793.52

		<i>NOTES</i>	2021 (Audited)	2020 (Audited)
IV.	Net profit		15,683,945,013.03	14,875,636,682.69
	(I) Classified by continuity of operations			
	1. Net profit from continuing operations		15,683,945,013.03	14,875,636,682.69
	2. Net profit from discontinued operations		-	-
	(II) Classified by ownership			
	1. Net profit attributable to shareholders of the parent company		9,732,589,251.46	9,562,307,621.17
	2. Non-controlling interests		5,951,355,761.57	5,313,329,061.52
V.	Other comprehensive income, net of tax		(95,205,907.56)	(482,944,109.50)
	Other comprehensive income attributable to shareholders of the parent company, net of tax		(59,824,641.32)	(361,277,953.30)
	(I) Other comprehensive income that will not be reclassified to profit or loss		46,200,282.38	9,681,133.09
	1. Change arising from remeasurement of defined benefit plan		1,280,625.00	902,183.89
	2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		(1,733,428.18)	(6,292,550.00)
	3. Change in fair value of investment in other equity instruments		46,653,085.56	15,071,499.20
	(II) Other comprehensive income that may be reclassified to profit or loss		(106,024,923.70)	(370,959,086.39)
	1. Other comprehensive income that can be transferred to profit or loss under the equity method		-	(5,959,867.78)
	2. Translation differences arising from translation of foreign currency financial statements		(106,024,923.70)	(364,999,218.61)
	Other comprehensive income attributable to non-controlling interests, net of tax		(35,381,266.24)	(121,666,156.20)
VI.	Total comprehensive income		15,588,739,105.47	14,392,692,573.19
	Total comprehensive income attributable to shareholders of the parent company		9,672,764,610.14	9,201,029,667.87
	Total comprehensive income attributable to non-controlling interests		5,915,974,495.33	5,191,662,905.32
VII.	Earnings per share			
	(I) Basic earnings per share	<i>11</i>	0.193	0.189
	(II) Diluted earnings per share	<i>11</i>	0.193	0.189

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

(Expressed in RMB)

	NOTES	December 31, 2021 (Audited)	December 31, 2020 (Audited)
Current assets:			
Cash at bank and in hand		15,827,729,811.43	12,128,377,221.65
Bills receivable	12	1,707,261,500.00	1,900,481,700.00
Accounts receivable	13	10,851,815,965.20	8,785,607,103.39
Accounts receivable financing		–	4,150,220.00
Prepayments		17,372,065,000.89	17,994,542,411.57
Other receivables		53,320,247.61	86,973,653.03
Inventories		15,248,475,732.06	15,020,730,517.39
Contract assets		3,346,751,008.49	3,803,325,759.93
Other current assets		3,558,731,564.77	3,520,085,850.74
Total current assets		67,966,150,830.45	63,244,274,437.70
Non-current assets:			
Debt investments		37,739,834.23	–
Long-term equity investments		12,417,539,739.83	11,924,063,022.83
Other investment in equity instruments		590,195,970.13	498,185,300.00
Investment properties		204,919,250.54	244,748,360.43
Fixed assets		239,781,814,198.65	248,455,556,392.34
Construction in progress		57,561,621,171.27	47,364,769,436.18
Right-of-use assets		1,040,777,428.86	939,488,041.02
Intangible assets		5,202,831,122.59	5,047,179,153.80
Development costs		3,575,421,186.66	2,795,094,194.52
Goodwill		419,242,673.32	419,242,673.32
Long-term deferred expenses		1,527,444,432.48	1,472,909,966.69
Deferred tax assets		2,311,931,738.14	2,177,159,194.01
Other non-current assets		7,355,378,268.23	7,315,703,312.89
Total non-current assets		332,026,857,014.93	328,654,099,048.03
Total assets		399,993,007,845.38	391,898,373,485.73

	<i>NOTES</i>	December 31, 2021 (Audited)	December 31, 2020 (Audited)
Current liabilities:			
Short-term loans	<i>14</i>	16,374,993,758.88	23,123,993,448.96
Bills payable	<i>15</i>	3,549,771,587.50	4,418,030,262.41
Accounts payable	<i>16</i>	18,817,580,701.92	18,698,517,397.40
Contract liabilities		4,124,772,960.60	3,231,038,661.45
Employee benefits payable		55,849,381.67	151,071,758.52
Taxes payable		1,561,020,572.25	1,469,829,201.53
Other payables		4,075,609,945.61	4,541,393,615.79
Non-current liabilities due within one year	<i>17</i>	22,719,658,250.53	20,909,255,816.39
Other current liabilities		6,040,857,546.10	609,623,356.68
Total current liabilities		77,320,114,705.06	77,152,753,519.13
Non-current liabilities:			
Long-term loans	<i>18</i>	155,921,820,998.03	156,693,189,032.11
Bonds payable	<i>19</i>	5,988,041,567.89	7,489,853,934.87
Lease liabilities		692,172,850.27	576,934,707.48
Long-term employee benefits payable		195,433,077.84	75,070,317.95
Provisions	<i>20</i>	5,334,823,453.78	5,030,926,743.61
Deferred income		2,361,217,837.38	2,043,610,971.48
Deferred tax liabilities		1,268,951,731.16	1,205,428,001.19
Total non-current liabilities		171,762,461,516.35	173,115,013,708.69
Total liabilities		249,082,576,221.41	250,267,767,227.82
Shareholders' equity:			
Share capital	<i>21</i>	50,498,611,100.00	50,498,611,100.00
Capital reserve		10,790,413,325.63	10,784,004,133.34
Other comprehensive income		345,482,066.81	405,306,708.13
Specific reserve		249,371,452.84	248,862,260.50
Surplus reserve		4,901,527,564.79	4,346,624,819.53
Retained earnings		34,125,147,494.32	28,989,865,085.43
Total equity attributable to shareholders of the parent company		100,910,553,004.39	95,273,274,106.93
Non-controlling interests		49,999,878,619.58	46,357,332,150.98
Total shareholders' equity		150,910,431,623.97	141,630,606,257.91
Total liabilities and shareholders' equity		399,993,007,845.38	391,898,373,485.73

NOTES TO THE FINANCIAL INFORMATION

For the year ended December 31, 2021

1. COMPANY OVERVIEW

The Company was established in the People's Republic of China (the "PRC") on March 25, 2014 as a joint stock company with limited liability under the Company Law of the PRC, and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") on December 10, 2014, and listed on the SME Board of the Shenzhen Stock Exchange ("Shenzhen Stock Exchange") 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 of nuclear power plants ("NPP(s)") engineering projects; organization of the operation, repair and related businesses of 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, and discloses relevant financial information in accordance with the Rules on the Preparation and Report of Information Disclosure for Companies Publicly Issuing Securities No. 15 – General Requirements for Financial Reports (Revised in 2014) 《公開發行證券的公司信息披露編報規則第15號－財務報告的一般規定(2014修訂)》. In addition, the financial statements also include information disclosure according to the relevant requirements under the Hong Kong Companies Ordinance and the Listing Rules.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The requirements of the Accounting Standards for Business Enterprises which came into effect in 2021 and were relevant to the Group are as follows:

- Notice on Adjusting the Scope of Application of the "Covid-19 – Related Rent Concessions" (Cai Kuai [2021] No. 9) 《關於調整<新冠肺炎疫情相關租金減讓會計處理規定>適用範圍的通知》(財會[2021]9號)
- Interpretation No. 14 of the Accounting Standards for Business Enterprises (Cai Kuai [2021] No.1) 《企業會計準則解釋第14號》(財會[2021]1號)
- Requirements of the "Presentation Related to Centralized Management of Funds (關於資金集中管理相關列報)" in Interpretation No. 15 of the Accounting Standards for Business Enterprises (Cai Kuai [2021] No. 35) 《企業會計準則解釋第15號》(財會[2021]35號)

The adoption of the above interpretation and standard did not have a significant impact on the financial position and operation results of the Group.

4. OPERATING REVENUE AND OPERATING COSTS

Unit: RMB

Item	2021		2020	
	Revenue	Cost	Revenue	Cost
From principal operations	80,230,834,162.30	53,527,605,258.17	70,156,726,724.06	44,023,799,741.22
Of which: Sales of electricity	58,709,216,824.30	32,676,491,215.59	55,511,979,059.34	29,950,692,954.90
Construction, installation and design services	19,948,726,923.03	19,586,469,639.46	12,776,551,417.97	12,640,665,612.43
Rendering of services	1,001,516,667.20	763,367,822.84	934,409,442.09	674,023,497.88
Sales of goods and others	571,373,747.77	501,276,580.28	933,786,804.66	758,417,676.01
From other operations	447,910,595.65	367,734,850.61	427,983,833.07	395,492,040.96
Total	80,678,744,757.95	53,895,340,108.78	70,584,710,557.13	44,419,291,782.18

5. FINANCE COSTS

Unit: RMB

Item	2021	2020
Interest expenses	8,531,265,121.62	9,174,177,272.62
Less: Capitalized interest expenses	1,724,717,666.36	1,449,147,955.36
Less: Interest income	153,714,185.11	197,865,779.92
Exchange gains	(608,340,769.85)	(65,038,991.08)
Less: Capitalized exchange gains	(533,999.40)	(10,804,324.29)
Interest expenses on the provision for NPP decommissioning	287,687,954.27	279,206,423.71
Interest expenses on the lease liabilities	37,844,402.26	41,542,830.92
Bank charges and others	30,870,069.49	34,066,960.89
Total	6,401,428,925.72	7,827,745,086.07

6. OTHER GAINS

Unit: RMB

Item	2021	Including: amount included in non-recurring gains or losses for the year	2020	Including: amount included in non-recurring gains or losses for 2020
Value-added tax refunds (Note)	1,404,992,858.69	-	2,015,985,273.13	-
Other government grants	285,563,013.95	285,563,013.95	217,866,266.33	217,866,266.33
Others	8,389,156.27	-	14,636,283.78	-
Total	1,698,945,028.91	285,563,013.95	2,248,487,823.24	217,866,266.33

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 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**”) to grid companies.

7. INVESTMENT INCOME

Unit: RMB

Item	2021	2020
Income from long-term equity investments accounted for using the equity method	1,364,197,656.78	1,119,833,344.38
Income from derivative financial instruments	-	11,580,810.36
Investment income from holding other equity instruments	15,057,316.99	20,344,882.77
Others	(12,343,312.50)	(8,182,595.75)
Total	1,366,911,661.27	1,143,576,441.76

8. LOSSES FROM CREDIT IMPAIRMENT*Unit: RMB*

Item	2021	2020
Bad debts losses of accounts receivable	(28,558,469.93)	(22,632,943.73)
Bad debts gains/(losses) of other receivables	13,963,230.35	(3,344,362.24)
Bad debt (losses)/gains for dividends receivable	(224.76)	4,720,628.41
Total	(14,595,464.34)	(21,256,677.56)

9. ASSET IMPAIRMENT LOSSES*Unit: RMB*

Item	2021	2020
Impairment losses of inventories	(6,874,892.27)	(2,474,942.46)
Reversal of impairment gains/(losses) of contract assets	1,915,118.92	(196,994,475.34)
Impairment losses of fixed assets	(8,903,054.17)	–
Impairment losses of construction in progress	(134,231,261.53)	–
Total	(148,094,089.05)	(199,469,417.80)

10. INCOME TAX EXPENSES*Unit: RMB*

Item	2021	2020
Current income tax expenses	2,568,535,124.33	2,268,250,231.44
Deferred income tax expenses	(79,481,711.61)	(282,236,553.25)
Adjustments to income tax of previous years	(46,877,886.55)	(11,528,884.67)
Total	2,442,175,526.17	1,974,484,793.52

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 PRC Enterprise Income Tax Law as revised on December 29, 2018, 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) (“**SNPI**”), China Nuclear Power Technology Research Institute (中廣核研究院有限公司) (“**CNPRI**”), Ling’ao Nuclear, China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司) (“**CGN Engineering**”), Yangjiang Nuclear, Fangchenggang Nuclear, CGN Lufeng Nuclear Power Co., Ltd. (中廣核陸豐核電有限公司), 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**”) and Fujian Ninghe Power Sales Co., Ltd. (福建寧核售電有限公司) were entitled to tax reduction and exemption.

Name of company or generating unit	Preferential tax rate applicable for the current year	Preferential tax rate applicable for the 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

Name of company or generating unit	Preferential tax rate applicable for the current year	Preferential tax rate applicable for the previous year	Reason for tax incentives
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
SNPI	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
Hebei Thermal Power	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises
Sansha Energy	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises
Environment Protection Company	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises
Import & Export Company	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises
Hepeng Supervision Company	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises

Name of company or generating unit	Preferential tax rate applicable for the current year	Preferential tax rate applicable for the previous year	Reason for tax incentives
Fujian Ninghe Power Sales Co., Ltd (福建寧核售電有限公司)	20%	20%	Preferential enterprise income tax policy for small profit-making enterprises

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

Pursuant to the requirements of 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) 《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), the enterprise income tax will be reduced by half.

11. 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	2021	2020
Consolidated net profit attributable to shareholders of ordinary shares of the Company	9,732,589,251.46	9,562,307,621.17
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)	0.193	0.189

In 2021 and 2020, the Group did not have dilutive potential ordinary shares. Therefore, diluted earnings per share equaled to basic earnings per share.

12. BILLS RECEIVABLE

Unit: RMB

Item	December 31, 2021	December 31, 2020
Bank acceptance bills	1,707,261,500.00	1,900,481,700.00
Total	1,707,261,500.00	1,900,481,700.00

13. ACCOUNTS RECEIVABLE

Unit: RMB

Item	December 31, 2021	December 31, 2020
Accounts receivable arising from contracts with customers	11,031,471,818.65	8,937,108,532.09
Including: Group 1	10,519,170,762.40	8,449,686,854.10
Group 2	438,041,964.45	404,662,586.19
Accounts receivable for which provision for bad debts have been individually made	74,259,091.80	82,759,091.80
Less: Impairment provisions	179,655,853.45	151,501,428.70
Including: Group 1	58,554,291.67	30,959,714.13
Group 2	46,842,469.98	37,782,622.77
Accounts receivable for which provision for bad debts have been individually made	74,259,091.80	82,759,091.80
Carrying value	10,851,815,965.20	8,785,607,103.39

As part of the Group's credit risk management, the Group uses the age of accounts receivable to assess the bad debt loss by grouping of accounts receivable with the same risk characteristics. The credit risk and expected credit loss of each group of accounts receivable are as follows:

Group 1:

Unit: RMB

Aging	December 31, 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%	9,951,986,452.85	29,855,959.36	9,922,130,493.49	0.30%	8,423,433,463.63	25,270,300.38	8,398,163,163.25
1 to 2 years	5.00%	565,561,343.99	28,278,067.20	537,283,276.79	5.00%	11,744,201.71	587,210.09	11,156,991.62
2 to 3 years	20.00%	764,245.56	152,849.11	611,396.45	20.00%	2,024,300.00	404,860.00	1,619,440.00
3 to 4 years	30.00%	809,720.00	242,916.00	566,804.00	30.00%	12,484,888.76	4,697,343.66	7,787,545.10
4 to 5 years	50.00%	49,000.00	24,500.00	24,500.00	50.00%	-	-	-
Total		10,519,170,762.40	58,554,291.67	10,460,616,470.73		8,449,686,854.10	30,959,714.13	8,418,727,139.97

Group 2:*Unit: RMB*

Aging	December 31, 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%	305,492,421.79	916,477.27	304,575,944.52	0.30%	261,480,504.14	784,441.52	260,696,062.62
1 to 2 years	10.00%	37,582,707.48	3,758,270.75	33,824,436.73	10.00%	50,558,153.04	5,055,815.30	45,502,337.74
2 to 3 years	30.00%	43,543,171.22	13,062,951.37	30,480,219.85	30.00%	80,602,144.75	24,180,643.43	56,421,501.32
3 to 4 years	50.00%	41,621,764.56	20,810,882.27	20,810,882.29	50.00%	7,890,034.28	3,945,017.14	3,945,017.14
4 to 5 years	80.00%	7,540,055.40	6,032,044.32	1,508,011.08	80.00%	1,575,222.98	1,260,178.38	315,044.60
More than 5 years	100.00%	2,261,844.00	2,261,844.00	-	100.00%	2,556,527.00	2,556,527.00	-
Total		438,041,964.45	46,842,469.98	391,199,494.47		404,662,586.19	37,782,622.77	366,879,963.42

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

Aging	December 31, 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%	-	-	-	100%	74,259,091.80	74,259,091.80	-
More than 5 years	100%	74,259,091.80	74,259,091.80	-	100%	8,500,000.00	8,500,000.00	-
Total		74,259,091.80	74,259,091.80			82,759,091.80	82,759,091.80	-

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

14. SHORT-TERM LOANS*Unit: RMB*

Item	December 31, 2021	December 31, 2020
Credit loans	14,662,738,508.67	21,122,443,315.86
Pledged loans	1,700,000,000.00	1,953,001,100.00
Short-term loans interest payable	12,255,250.21	48,549,033.10
Total	16,374,993,758.88	23,123,993,448.96

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

15. BILLS PAYABLE*Unit: RMB*

Item	December 31, 2021	December 31, 2020
Bank acceptance bills	3,549,771,587.50	4,418,030,262.41
Total	3,549,771,587.50	4,418,030,262.41

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

16. ACCOUNTS PAYABLE*Unit: RMB*

Aging	December 31, 2021	December 31, 2020
Within 1 year	12,859,220,938.43	14,526,762,424.41
1 to 2 years	2,854,214,040.69	3,351,245,049.36
2 to 3 years	2,379,569,517.37	149,745,265.48
More than 3 years	724,576,205.43	670,764,658.15
Total	18,817,580,701.92	18,698,517,397.40

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

17. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR*Unit: RMB*

Item	December 31, 2021	December 31, 2020
Long-term loans due within one year	16,950,174,243.56	16,188,601,190.14
Long-term loans interest payable	306,485,676.11	275,296,564.48
Bonds payable due within one year	4,999,104,783.84	3,998,270,796.35
Bonds payable interest payable	185,604,014.72	197,268,124.33
Post-employment benefit scheme liabilities due within one year	4,356,233.28	2,716,653.38
Lease liabilities due within one year	273,933,299.02	247,102,487.71
Total	22,719,658,250.53	20,909,255,816.39

18. LONG-TERM LOANS

Unit: RMB

Item	December 31, 2021	December 31, 2020
Credit loans	28,492,720,834.55	19,042,406,012.38
Guaranteed loans ⁽¹⁾	3,000,000,000.00	3,000,000,000.00
Pledged loans ⁽²⁾	140,448,785,905.69	150,140,469,397.78
Secured loans ⁽³⁾	930,488,501.35	698,914,812.09
Total	172,871,995,241.59	172,881,790,222.25
Less: Long-term loans due within one year	16,950,174,243.56	16,188,601,190.14
Long-term loans due after one year	155,921,820,998.03	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 billion. The proceeds were invested in GNIC in the form of debts, and were used in the construction of nuclear power projects of Taishan Nuclear and Yangjiang Nuclear under GNIC. CGNPC provides a full unconditional irrevocable joint and several liability guarantee for all the obligations of GNIC under such contract to Taiping Asset. As at December 31, 2021, the loan had not expired.
- (2) Pledged loans are pledged by the Group with its interests under sales agreements of electricity, insurance contracts and equity interest held. As at December 31, 2021, GNIC, Taishan Nuclear Power Industry Investment Co., Ltd. (台山核電產業投資有限公司) and the Company pledged the equity of Taishan Nuclear to obtain long-term loans, and GNIC, the Company and CGN Nuclear Power Investment Co., Ltd. pledged the equity of Lingdong Nuclear to obtain long-term loans.
- (3) Secured loans are secured by the Company’s subsidiaries Lingdong Nuclear and CGN Engineering with land use rights, buildings and equipment.

The annual interest rate range of the above loans:

	2021	2020
Annual interest rate range of the above loans	0.21% – 5.30%	0.40% – 5.30%

19. BONDS PAYABLE

Unit: RMB

Category	December 31, 2021	December 31, 2020
Long-term bonds	2,000,000,000.00	2,000,000,000.00
Medium-term notes (Note)	8,987,146,351.73	9,488,124,731.22
Total	10,987,146,351.73	11,488,124,731.22
Less: Bonds payable due within one year	4,999,104,783.84	3,998,270,796.35
Bonds payable due after one year	5,988,041,567.89	7,489,853,934.87

Note: The Group issued 19 CGN Power MTN001 (medium-term notes), MTN002, 20 CGN Power MTN001, 21 CGN Power MTN001 and 21 CGN Power MTN002 on January 18, 2019, July 22, 2019, August 24, 2020, April 12, 2021 and June 15, 2021, respectively. These medium-term notes, with nominal values amounting to RMB1,500,000,000.00, RMB1,500,000,000.00, RMB2,500,000,000.00, RMB2,000,000,000.00 and RMB1,500,000,000.00, respectively, and a total cost of issuance of RMB25,500,000.00, will become due and payable in January 2022, July 2022, August 2023, April 2024 and June 2023, respectively.

20. PROVISIONS

Unit: RMB

Item	December 31, 2021	December 31, 2020
Provision for NPP decommissioning ⁽¹⁾	4,864,931,311.56	4,601,580,302.59
Provision for low and medium level radioactive waste disposal ⁽²⁾	469,453,033.20	425,666,773.00
Others	439,109.02	3,679,668.02
Total	5,334,823,453.78	5,030,926,743.61

Notes:

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

21. SHARE CAPITAL

Unit: RMB

	December 31, 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	528,302,000.00	103,726,000.00
Other foreign shares	10,635,323,000.00	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 continue 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 expired, and the implementation of the First Shareholding Increase Plan was completed. From March 26, 2020 to March 25, 2021, CGNPC, together with 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 December 31, 2021, CGNPC, together with its subsidiaries, had increased its holdings by 528,302,000 H shares of the Company in total (including the First Shareholding Increase Plan).

22. DIVIDEND

Subsequent to the end of the Reporting Period, a final dividend of RMB0.084 per share (tax inclusive) to the shareholders of the Company (the “**Shareholders**”) as of the record date of dividend payment in respect of the year ended December 31, 2021 amounting to RMB4,241,883,332.40 in total has been proposed by the Board and is subject to approval by the Shareholders in the 2021 annual general meeting.

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 RMB4,042,404,097.31 in total, and was approved by the Shareholders at the 2020 annual general meeting convened on May 26, 2021. The Company had paid the dividend by July 10, 2021.

23. SHARE-BASED PAYMENT

(1) Overall Share-based Payment

Unit: unit

Item	2021		2020	
	First Batch	Second Batch	First Batch	Second Batch
Total equity instruments of the Company at the beginning of the year	59,520,024	451,770,832	129,946,651	462,360,003
Total equity instruments granted by the Company during the year	-	-	-	-
Total equity instruments exercised by the Company during the year	-	180,713,400	-	3,962,500
Total equity instruments of the Company that have expired during the year	59,520,024	10,553,332	70,426,627	6,626,671
Total equity instruments of the Company at the end of the year	-	260,504,100	59,520,024	451,770,832
The range of exercise price of outstanding share appreciation rights of the Company at the end of the year and the remaining period of the contracts	/	HKD1.7427	HKD3.5000	HKD1.8393
	0 Year	0.95-2.95 Years	0.96 Year	1.95 – 3.95 Years

The Group has set up an H-share Appreciation Rights (“SAR”) Scheme (the “Scheme”) for core staff who exert significant impact on the Company’s strategic target, including Directors (excluding the non-executive Directors and the independent non-executive Directors), senior management and core technical and management staff of the Company who have exerted direct influence on the overall results and sustainable development of the Company (“Incentive Recipients”). The Scheme was approved at the annual general meeting of the Company on June 12, 2015. Supervisors of the Company (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. Since the price of H shares was yet to meet the exercise condition, all of the three tranches of SAR for the first grant expired and lapsed.

The second grant 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 incentive scheme, if events such as capitalization of capital reserve, distribution of bonus shares, share subdivision or consolidation, rights issue, secondary offering or dividend distribution occur to the listed company before the exercise of SAR, corresponding adjustment to the exercise price of SAR shall be made. However, under no circumstances shall any adjustment results in the exercise price being lower than the par value of the shares. On April 22, 2021, the Board approved the proposal on adjusting the exercise price of SAR in the second grant of the SAR, adjusting the exercise price of SAR granted in the second grant from HKD1.8393 per share to HKD1.7427 per share, which became effective on May 26, 2021.

Each unit of SAR is notionally linked to one H share and represents the rights conferred on the relevant Incentive Recipients to receive in cash stipulated earnings from the increase in market value of the relevant H share. The SARs 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 achieving certain performance targets.

During this Reporting Period, a total of 59,520,024 units granted under the initial implementation plan of the SAR expired. A total of 10,553,332 units under the secondary implementation plan of the SAR expired. A total of 180,713,400 units under the secondary implementation plan of the SAR were exercised during this Reporting Period.

(2) Cash-Settled Share-based Payment

Unit: RMB

	2021	2020
Methods for determining fair value of liabilities undertaken by the Company and calculated by share or other equity instruments	Black-Scholes options valuation model	Black-Scholes options valuation model
Accumulated liabilities arising from cash-settled share-based payment in liabilities	142,778,077.84	35,764,317.95
Total fees/(gains) recognized in respect of cash-settled share-based payment during the year	145,553,899.81	(41,085,848.84)

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

Item	December 31, 2021	December 31, 2020
Share price (HKD)	2.37	1.67
Expected volatility	28.73% – 36.02%	21.56% – 28.12%
Expected dividend yield	4.075%	4.971%

The first grant under the Scheme:

Item	December 31, 2021	December 31, 2020
Exercise price (HKD)	3.50	3.50
Expected term	0 year	0.96 year
Risk-free rate	/	0.080%
Fair value (HKD)	/	0.0004

The second batch of the Scheme:

Item	December 31, 2021	December 31, 2020
Exercise price (HKD)	1.74	1.84
Expected term	0.95 – 2.95 years	1.95 – 3.95 years
Risk-free rate	0.273% – 0.860%	0.085% – 0.217%
Fair value (HKD)	0.60 – 0.63	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.

24. BREAKDOWN OF NON-RECURRING GAINS OR LOSSES

Unit: RMB

Item	2021	2020
Gains or losses from disposal of non-current assets	78,676.45	(1,293,786.08)
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)	285,563,013.95	217,866,266.33
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	–	(3,357,683.91)
Other non-operating income and expenses other than the items above, net	(187,548,871.57)	(41,388,526.96)
Other gains or losses items that meet the definition of non-recurring gains or losses	(103,245,506.73)	8,624,550.31
Total	(5,152,687.90)	180,450,819.69
Income tax effect of non-recurring gains or losses	(19,135,972.12)	21,220,033.52
Effect of non-recurring gains or losses attributable to non-controlling shareholders	11,297,047.21	5,184,673.40
Effect of non-recurring gains or losses attributable to shareholders of the parent company, net	2,686,237.01	154,046,112.77

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	2021	2020
Indicators of profitability		
EBITDA margin (%) ⁽¹⁾	45.6	51.1
Net profit margin (%) ⁽²⁾	19.4	21.1
Indicators of investment returns		
Return on equity (excluding non-controlling interests) (%) ⁽³⁾	9.9	10.3
Return on total assets (%) ⁽⁴⁾	6.4	6.4
Indicators of solvency		
Asset-liability ratio (%) ⁽⁵⁾	62.3	63.9
Debt to equity ratio (%) ⁽⁶⁾	122.3	138.0
Interest coverage ⁽⁷⁾	2.9	2.7

Notes:

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

Financial Results and Analysis

	For the year ended December 31,		Fluctuations increase/ (decrease) RMB' 000	Percentage change increase/ (decrease) %
	2021 RMB' 000	2020 RMB' 000		
Operating revenue	80,678,744.76	70,584,710.56	10,094,034.20	14.3
Operating costs	53,895,340.11	44,419,291.78	9,476,048.33	21.3
Finance costs ⁽¹⁾	6,401,428.93	7,827,745.09	(1,426,316.16)	(18.2)
Other gains ⁽²⁾	1,698,945.03	2,248,487.82	(549,542.79)	(24.4)
Investment income ⁽³⁾	1,366,911.66	1,143,576.44	223,335.22	19.5
Including: Income from investment in associates and joint ventures	1,364,197.66	1,119,833.34	244,364.32	21.8
Non-recurring gains or losses ⁽⁴⁾	(5,152.69)	180,450.82	(185,603.51)	(102.9)
Net profit attributable to shareholders of the parent company	9,732,589.25	9,562,307.62	170,281.63	1.8
Net profit attributable to shareholders of the parent company (excluding the effects of non-recurring gains or losses)	<u>9,729,903.01</u>	<u>9,408,261.51</u>	<u>321,641.50</u>	<u>3.4</u>

Notes:

- (1) The decrease in finance costs was primarily due to the decrease in interest expenses by RMB918.5 million as compared with 2020, and the increase in exchange gains by RMB554.0 million as compared with 2020.
- (2) The decrease in other gains was primarily due to the reduction in VAT refunds received.
- (3) The increase in investment income was primarily due to the increase in investment income from Hongyanhe Nuclear and CGN Industry Investment Fund Phase I Co., Ltd. (中廣核一期產業投資基金有限公司).
- (4) The decrease in non-recurring gains or losses was primarily due to the contract claims from contractors arising from construction projects during the year and the losses from changes in fair value of H-share Appreciation Rights.

Revenue from Operations

	For the year ended December 31,		Fluctuations increase RMB' 000	Percentage change increase %
	2021 RMB' 000	2020 RMB' 000		
Revenue from principal business operations	80,230,834.16	70,156,726.73	10,074,107.43	14.4
Including: Sales of electricity ⁽¹⁾	58,709,216.82	55,511,979.06	3,197,237.76	5.8
Construction, installation and design services ⁽²⁾	19,948,726.92	12,776,551.42	7,172,175.50	56.1
Revenue from other business operations	447,910.60	427,983.83	19,926.77	4.7
Total revenue from business operations	<u>80,678,744.76</u>	<u>70,584,710.56</u>	<u>10,094,034.20</u>	<u>14.3</u>

Notes:

- (1) The increase in revenue from sales of electricity was primarily due to the increase in the on-grid power generation of the subsidiaries in 2021 by 5.2% as compared with the 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 year ended December 31,		Fluctuations increase/ (decrease) RMB' 000	Percentage change increase/ (decrease) %
	2021 RMB' 000	2020 RMB' 000		
Cost of principal business operations	53,527,605.26	44,023,799.74	9,503,805.52	21.6
Including: Cost of sales of electricity	32,676,491.22	29,950,692.95	2,725,798.27	9.1
Of which: Cost of				
nuclear fuel ⁽¹⁾	8,356,950.47	7,894,369.46	462,581.01	5.9
Depreciation of fixed assets ⁽²⁾	10,158,016.10	9,680,802.36	477,213.74	4.9
Provision for spent fuel management ⁽³⁾	2,838,777.74	2,019,610.28	819,167.46	40.6
Construction, installation and design services ⁽⁴⁾	19,586,469.64	12,640,665.61	6,945,804.03	54.9
Other costs of business operations	367,734.85	395,492.04	(27,757.19)	(7.0)
Total cost of operations	<u>53,895,340.11</u>	<u>44,419,291.78</u>	<u>9,476,048.33</u>	<u>21.3</u>

Notes:

- (1) The increase in cost of nuclear fuel was primarily due to the increase in fuel costs recorded using the units of production method as a result of the increase in on-grid power generation.
- (2) The increase in depreciation of fixed assets was primarily due to the increase in depreciation costs recorded using the units of production method as a result of the increase in on-grid power generation.
- (3) The increase in provision for spent fuel management was primarily due to the commencement of provision and payment for spent fuel management as Yangjiang Unit 3, Ningde Unit 4 and Fangchenggang Unit 1 and Unit 2 had commenced commercial operation for five years in 2021.
- (4) The increase in cost of construction, installation and design services was primarily due to the increase in the construction volume of Huizhou Nuclear Power Project, Cangnan Nuclear Power Project and CGNPC's wind power business of CGN Engineering.

Financial Position

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

	December 31, 2021	December 31, 2020	Fluctuations increase/ (decrease)	Percentage change increase/ (decrease)
	<i>RMB' 000</i>	<i>RMB' 000</i>	<i>RMB' 000</i>	<i>%</i>
Bank and other borrowings ⁽¹⁾	205,468,427.55	207,445,359.37	(1,976,931.82)	(1.0)
Receivables ⁽²⁾	33,331,213.72	32,575,080.85	756,132.87	2.3
Payables ⁽³⁾	30,567,735.20	30,888,979.94	(321,244.74)	(1.0)
Inventories	15,248,475.73	15,020,730.52	227,745.21	1.5
Fixed assets and intangible assets ⁽⁴⁾	244,984,645.32	253,502,735.55	(8,518,090.23)	(3.4)

Notes:

- (1) Bank and other borrowings comprise short-term loans, long-term loans, bonds payable, short-term bonds payable, and long-term loans and bonds payable due within one year.
- (2) Receivables comprise bills receivable, accounts receivable, prepayments, contract assets and other receivables. The increase in receivables was primarily due to the increase in CGN Engineering's accounts receivable for CGNPC's wind power business and Huizhou Nuclear Power Project.
- (3) Payables comprise bills payable, accounts payable, contract liabilities and other payables.
- (4) The main reason for the decrease in fixed assets and intangible assets was the decrease in asset value caused by provision for depreciation in fixed assets.

Analysis of Cash Usage

In 2021, the Company continuously implemented robust capital management policy. A healthy cash flow was maintained through lean management with higher capital utilization efficiency. The net cash inflows from operating activities increased as compared with 2020 mainly due to the increase in on-grid power generation as compared with 2020. Net cash outflows from investment activities increased as compared with 2020, mainly due to the increase in fixed deposits of more than three months. The net cash outflows from financing activities decreased as compared with 2020, mainly due to the increase in proceeds from issuance of bills and ultra short-term financing notes of the Company and the increase in capital contributions from external shareholders of Fangchenggang Nuclear.

	For the year ended December 31,			Percentage
	2021 <i>RMB' 000</i>	2020 <i>RMB' 000</i>	Fluctuations increase/ (decrease) <i>RMB' 000</i>	change increase/ (decrease) %
Net cash inflows from operating activities	34,911,101.29	30,154,840.52	4,756,260.77	15.8
Net cash outflows from investment activities	14,568,912.98	11,759,174.38	2,809,738.60	23.9
Net cash outflows from financing activities	17,490,990.67	24,366,903.64	(6,875,912.97)	(28.2)

(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 R&D of technologies related to nuclear power for the year ended December 31, 2021.

INVESTMENT IN FIXED ASSETS

For the year ended December 31, 2021, the Group's investment in fixed assets (on cash flows basis) amounted to approximately RMB16,165.5 million, representing an increase of RMB1,213.2 million or 8.1% from RMB14,952.3 million in 2020.

INVESTMENTS IN EQUITY

For the year ended December 31, 2021, the Group increased its capital investment in associates by RMB162.3 million in aggregate, which was mainly attributable to the amounts of RMB91.8 million, RMB55.4 million, RMB6.4 million and RMB8.8 million made to Hongyanhe Nuclear, Fujian Ningde Second Nuclear Power Co., Ltd. (福建寧德第二核電有限公司), CGN Industry Investment Fund Phase I Co., Ltd. (中廣核一期產業投資基金有限公司) and Gansu Longhe Environmental Protection Technology Co., Ltd. (甘肅龍和環保科技有限公司), respectively.

MAJOR ACQUISITION AND DISPOSAL

The Group had no material acquisition or disposal for the year ended December 31, 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 year ended December 31, 2021, the Group had no use of proceeds.

External Financing Environment

In 2021, the PRC maintained steady economic recovery, with its gross domestic product reaching RMB114.4 trillion, up by 8.1% year on year, continuing to rank among the world's major economies. The liquidity in Mainland China was reasonably ample and the market interest rate of RMB stayed low.

In 2021, the Company comprehensively strengthened the organization, coordination, support and risk monitoring of financing, making full use of various financing channels, promoting debt replacement and bond issuance, ensuring capital security and controlling financing costs. At the same time, we continuously monitored foreign currency debt exchange rate risk exposure and prevented the risk of exchange rate fluctuations.

Equity Financing

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

Debt Financing

In 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 December 31, 2021, the Group's total borrowings amounted to approximately RMB205,468.4 million with major financing channels including borrowings from banks and other institutions (approximately 92.1%), corporate bonds (approximately 1.0%), medium-term notes (approximately 4.4%), ultra short-term financing notes (approximately 2.5%), 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 2021, the Company registered multi-type debt financing instruments (TDFI) with the National Association of Financial Market Institutional Investors, which included ultra short-term financing notes, short-term financing bills, medium-term notes, perpetual notes, asset-backed notes, green debt financing instruments and targeted debt financing instruments, etc. In 2021, the Company issued more short and medium-term debt financing instruments, which can meet the requirements of working capital, debt repayment and capital expenditure of projects, thereby strengthening capital security capabilities and reduce financing costs.

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 reducing the impact of major risks in exchange rate. In 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 RMB2,282.6 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 December 31, 2021, we had unutilized general banking line of credit of approximately RMB122,089.2 million, multi-type debt financing instruments up to RMB19,000.0 million available for public issuance at any time, and cash at bank and in hand of approximately RMB15,827.7 million, which can provide sufficient cash for the operations of the Company and mitigate the effects of fluctuations in cash flows.

Credit Rating

In September 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 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, while the level of financial leverage will continue to decline, maintaining smooth financing channels” and maintained our AAA credit rating with stable outlook.

Contingencies

External Guarantees

The Group confirmed that, for the year ended December 31, 2021, the Group had not provided any external guarantee.

Assets with Restricted Ownership

As of December 31, 2021, the Group's assets pledged to banks or with restricted ownership due to other reasons amounted to approximately RMB21,340.8 million in carrying value. As of December 31, 2020, the Group's assets pledged to banks or with restricted ownership due to other reasons amounted to approximately RMB21,704.9 million in carrying value.

As of December 31, 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 banking facilities and loans from banks to these entities.

Legal Proceedings

For the year ended December 31, 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 the NPPs in operation to maintain and enhance operation, make continuous investment in the innovation of technologies, and fund the acquisitions of contingent assets in 2022. In addition, the Company will also carry out relevant investment activities at appropriate time, thereby laying a solid foundation for the Company's future development.

BUSINESS PERFORMANCE AND OUTLOOK

(I) INDUSTRY OVERVIEW

Since the State Council first proposed the idea of “taking active and well-ordered steps to develop nuclear energy on the premise of ensuring its safe use” in the Government Work Report (《政府工作報告》) in March 2021, the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of The New Development Philosophy (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) published by the Communist Party of China Central Committee and the State Council, the Action Plan for Carbon Dioxide Peaking Before 2030 (《2030年前碳達峰行動方案》) published by the State Council, the Guiding Opinions on Promoting the High-quality Development of Central Enterprises and Doing a Good Job in Carbon Peaking and Carbon Neutralization (《關於推進中央企業高質量發展做好碳達峰碳中和工作的指導意見》) published by the SASAC of the State Council, and other documents all stated clearly to “take active, safe and well-ordered steps to develop nuclear energy”. On December 24, 2021, the National Energy Administration convened the 2022 National Energy Work Conference, at which seven key tasks for energy work in 2022 were announced, including “accelerate green and low-carbon energy development”, proposing “take active, safe and well-ordered steps to develop nuclear energy” and “orderly promote the approval for construction of NPP projects with reliable conditions on the premise of ensuring its safety”.

Achieving peak carbon dioxide emissions and carbon neutrality is a major strategic decision of the CPC Central Committee, which brings about extensive and profound changes. On March 15, 2021, the idea of “deepening power system reform, and building a new power system with new energy as the subjects” was pointed out at the ninth meeting of the Central Financial and Economic Affairs Commission when studying and deploying the basic ideas and major measures to achieve peak carbon dioxide emissions and carbon neutrality. As stated in the Research on the Development Path of Carbon Peaking and Carbon Neutrality in the Power Industry (《電力行業碳達峰碳中和發展路徑研究》) published by the China Electricity Council (the “CEC”) in December 2021, one of the paths to achieve peak carbon dioxide emissions and carbon neutrality in the power industry is to build a diverse energy supply system and form a low-carbon-oriented power supply pattern. On January 24, 2022, “ensuring energy security while reducing carbon emissions” and “the gradual withdrawal of conventional energy must be based on the safe and reliable new energy alternatives” were mentioned during the 36th collective study session of the Central Political Bureau of the Communist Party of China. The Report on the Development of China’s Nuclear Energy 2021 (《中國核能發展報告(2021)》) 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 refuelling 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.

According to the statistics from the 2021 National Power Industry Statistics Overview (《2021 年全國電力工業統計快報》) issued by the CEC, as of December 31, 2021, the installed capacity of nuclear power generating units in operation was 53,260 MW in the PRC (excluding Taiwan region), accounting for 2.2% of the total installed capacity of power generation. The proportion of nuclear power remains small in our national energy structure. We believe that, as the national policy continues to focus on the active, safe and well-ordered development of nuclear power, the development of the nuclear power industry in China is and will still be in an important strategic opportunity period, and the scope for development and the market prospects of the domestic nuclear power development are still broad.

According to the data released by the National Bureau of Statistics on January 17, 2022, the gross domestic product in 2021 increased by 8.1% year on year, and the average growth rate for the past two years was 5.1%. China's economy sustained steady resumption, while the fundamentals of long-term positive economic growth remained unchanged. In 2021, the national average utilization hours of power generating units was 7,802 hours, representing a year-on-year increase of 352 hours.

	Ratio of installed capacity by type of energy (%)		Ratio of generation capacity by type of energy (%)		Average utilization hours (hours)	
	2021	2020	2021	2020	2021	2020
Nuclear power	2.2	2.3	4.9	4.8	7,802	7,450
Thermal power	54.6	56.6	67.4	67.9	4,448	4,211
Hydropower	16.5	16.8	16.0	17.8	3,622	3,825
Wind power	13.8	12.8	7.8	6.1	2,232	2,078
Solar power	12.9	11.5	3.9	3.4	1,281	1,281

Note: Data from the 2021 National Power Industry Statistics Overview (《2021年全國電力工業統計快報》) of the CEC. The data on the installed capacity of power generation and the proportion of power generation are on a full consolidated basis. The average utilization hours are the utilization hours of power generation facilities in NPPs of 6,000 kilowatts and above.

On October 12, 2021, the Notice on Further Deepening the Market-based Reform of the On-grid Tariff for Coal-fired Power Generation (《關於進一步深化燃煤發電上網電價市場化改革的通知》) issued by the National Development and Reform Commission proposed that the on-grid tariff of all coal-fired power generation should be liberalized in an orderly manner, and the range of fluctuations in tariffs in market-based transactions should be extended, so as to promote industrial and commercial users to enter the market, such that the share of electricity traded in the market will further increase along with the deepening reforms in the national power system. According to statistics of the CEC, the share of electricity traded in the market accounted for 45.5% of national power generation in 2021, representing an increase of 3.3 percentage points year on year.

(II) BUSINESS PERFORMANCE AND ANALYSIS

As at the end of 2021, we managed 25 nuclear power generating units in operation and seven nuclear power generating units under construction (including four units under construction which were entrusted to the Company by the controlling shareholder of the Company for management). On July 31, 2021, Hongyanhe Unit 5 commenced commercial operation. On December 30, 2021, Cangnan Unit 2 officially commenced construction.

As at December 31, 2021, the number and capacity of nuclear power generating units in operation and nuclear power generating units under construction managed by the Company are as follows:

		As at December 31, 2021	As at December 31, 2020	Growth rate
Nuclear power generating units in operation	Number	25	24	4.17%
	Capacity	28,261 MW	27,142 MW	4.12%
Nuclear power generating units under construction	Number	3	4	-25%
	Capacity	3,479 MW	4,598 MW	-24.34%
Nuclear power generating units under construction which were entrusted to the Company by the controlling shareholder of the Company for management	Number	4	3	33.33%
	Capacity	4,820 MW	3,612 MW	33.44%

We will introduce and analyze the Company's business performance in 2021 in five aspects, namely safety management, nuclear power generating units in operation, nuclear power generating units under construction, sales of electricity, SCS management (standardization, centralization and specialization) and lean management.

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 strive to 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. We continued to launch activities such as “On-site Management”, “We Want Safety”, “Nuclear Safety and Leadership” and “Precautionary Education on Nuclear Safety” so as to enhance the nuclear safety culture awareness among all employees. In 2021, we implemented special inspection and supervision for safety management led by our Chairman and senior management in every nuclear power base for the second consecutive year, which enabled the Company to reinforce accountability at all levels, implement a work style of “Strict Compliance, Prudent Decision-making, Detail-oriented and Fact-based Approach”, 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 reinforced accountability at all levels and strengthened 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 as well as dynamic and transparent experience feedback. We organized regular emergency drills under different scenarios and ensured effective operation of safety management system.

According to the International Nuclear and Radiological Event Scale (INES)^{Note} set by the International Atomic Energy Agency (“IAEA”), the NPPs we operated and managed had maintained our all-time good safety record of no nuclear event at level 2 or above in 2021.

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

For the related activities of safety management, please refer to the 2021 environmental, social and governance report of the Company.

Nuclear Power Generating Units in Operation

In 2021, all nuclear power generating units in operation managed by us maintained safe and stable operation, with a total annual on-grid power generation of 201,150.85 GWh, representing an increase of 7.86% as compared with 2020.

Name of NPP	On-grid power generation from January to December 2021 (GWh)	On-grid power generation from January to December 2020 (GWh)	Change rate for the corresponding period %
<i>From subsidiaries</i>			
Daya Bay NPP	15,742.98	15,873.55	-0.82
Ling'ao NPP	15,585.09	14,563.80	7.01
Lingdong NPP	14,682.91	14,876.95	-1.30
Yangjiang NPP	49,215.06	42,492.75	15.82
Fangchenggang NPP	17,056.35	15,820.20	7.81
Ningde NPP	33,154.86	30,638.57	8.21
Taishan NPP	18,487.18	21,572.60	-14.30
Subsidiaries, total	163,924.42	155,838.42	5.19
<i>From associates</i>			
Hongyanhe NPP	37,226.43	30,648.98	21.46
Subsidiaries and associates, total	201,150.85	186,487.40	7.86

Daya Bay NPP: The duration of the refuelling outage in 2021 was basically the same as compared with 2020.

Ling'ao NPP: The duration of the refuelling outage in 2021 was basically the same as compared with 2020. The time of temporary operation at reduced load or shutdown for standby at the request of power grid in 2021 was shorter as compared with the corresponding period of 2020.

Lingdong NPP: The duration of the refuelling outage in 2021 was longer as compared with 2020.

Yangjiang NPP: The duration of the refuelling outage in 2021 was shorter as compared with 2020. The time of temporary operation at reduced load or shutdown for standby at the request of power grid in 2021 was shorter as compared with the corresponding period of 2020.

Fangchenggang NPP: The duration of the refuelling outage in 2021 was shorter as compared with 2020. The time of temporary operation at reduced load or shutdown for standby at the request of power grid in 2021 was shorter as compared with the corresponding period of 2020.

Ningde NPP: The duration of the refuelling outage in 2021 was basically the same as compared with 2020. The time of temporary operation at reduced load or shutdown for standby at the request of power grid in 2021 was shorter as compared with the corresponding period of 2020.

Taishan NPP: It completed the initial outage for Unit 2 in 2021 and completed the initial outage for Unit 1 in 2020. Taishan Unit 1 began shutdown and inspection on July 30, 2021.

Hongyanhe NPP: Hongyanhe Unit 5 commenced commercial operation on July 31, 2021. The duration of the refuelling outage in 2021 was longer as compared with 2020. The time of temporary operation at reduced load or shutdown for standby at the request of power grid in 2021 was shorter as compared with the corresponding period of 2020.

Operation Performance

Capacity factor, load factor and utilization hours are the three indicators normally used by us to evaluate the utilization of nuclear power generating units. They are mainly affected by the effects of refuelling outages for the generating units. Meanwhile, load factor and utilization hours of nuclear power generating units are also affected by load reduction and being put on standby due to transmission line maintenance or as a result of demand and supply conditions in the electricity market.

In 2021, we had 25 nuclear power generating units in operation, with an average capacity factor of 91.58%, an average load factor of 89.78% and average utilization hours of 7,731 hours, as compared with 92.03%, 83.75% and 7,309 hours of the 24 nuclear power generating units in operation in 2020. The details of the operation performance of generating units we operated and managed in 2021 are as follows:

Nuclear Power Generating Unit	Capacity factor (%)		Load factor (%)		Utilization hours (hours)	
	2021	2020	2021	2020	2021	2020
<i>From subsidiaries</i>						
Daya Bay Unit 1	88.92	99.99	90.01	101.64	7,886	8,930
Daya Bay Unit 2	99.98	89.21	101.02	90.41	8,851	7,944
Ling'ao Unit 1	89.67	99.99	89.52	90.71	7,839	7,965
Ling'ao Unit 2	99.98	89.17	98.03	84.18	8,585	7,393
Lingdong Unit 1	83.40	90.71	81.66	84.22	7,147	7,392
Lingdong Unit 2	86.11	92.77	82.34	81.86	7,207	7,184
Yangjiang Unit 1	88.72	98.50	88.51	90.85	7,754	7,980
Yangjiang Unit 2	99.97	85.96	98.07	72.91	8,591	6,404
Yangjiang Unit 3	93.02	85.51	87.39	73.72	7,655	6,476
Yangjiang Unit 4	89.41	96.18	89.15	89.02	7,810	7,820
Yangjiang Unit 5	94.40	92.64	91.62	81.89	8,026	7,194
Yangjiang Unit 6	98.02	81.82	95.31	66.56	8,349	5,846
Fangchenggang Unit 1	92.69	91.20	91.26	88.42	7,995	7,767
Fangchenggang Unit 2	99.99	91.98	99.27	88.08	8,696	7,737
Ningde Unit 1	91.26	91.39	90.06	83.22	7,889	7,310
Ningde Unit 2	88.16	99.99	89.78	90.32	7,864	7,934
Ningde Unit 3	92.90	96.73	90.56	87.39	7,933	7,676
Ningde Unit 4	99.97	91.22	99.58	81.46	8,723	7,156
Taishan Unit 1	55.79	71.56	53.03	63.52	4,645	5,580
Taishan Unit 2	78.96	97.71	75.80	86.87	6,640	7,631
<i>From associates</i>						
Hongyanhe Unit 1	92.56	91.09	97.59	85.89	8,549	7,544
Hongyanhe Unit 2	90.70	90.88	88.89	84.53	7,787	7,425
Hongyanhe Unit 3	95.06	99.78	86.32	75.63	7,562	6,643
Hongyanhe Unit 4	99.99	92.74	90.40	86.71	7,919	7,617
Hongyanhe Unit 5	99.99	Under construction	99.33	Under construction	8,584	Under construction
<i>From subsidiaries and associates</i>						
Average	91.58	92.03	89.78	83.75	7,731	7,309

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

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

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

In 2021, we conducted a total of 16 refuelling outages, which included an initial outage and two ten-year outages, and successfully completed all of them as at the end of December 2021. The total number of calendar days for the refuelling outages in 2021 was about 557 days.

“Pursuit of Excellence” is one of the basic principles of the Company. In order to discover our inadequacies and make continuous improvements, we continue to implement benchmarking with international peers. When compared with the one year benchmark value of all of the 12 performance indicators for the World Association of Nuclear Operators (“WANO”) peer review, for our nuclear power generating units, the ratio of performance indicators achieving the world’s top 1/4 level (advanced level) and top 1/10 level (excellent level) remained at a relatively high level, leading among industry peers.

The following table indicates the comparison of 25 nuclear power generating units in operation managed by us for 2021 and the one-year benchmark value of the 12 performance indicators for the WANO peer review in 2020:

	2021	2020
Number of units	25	24
Total number of indicators	300	288
Including:		
Number/percentage of indicators ranked top 1/4 (advanced level) in the world	249/83.00%	209/72.57%
Number/percentage of indicators ranked top 1/10 (excellent level) in the world	241/80.33%	201/69.79%

Environmental Performance

We continued to improve radioactive waste management, optimize the control over the discharge process of liquid radioactive waste and gas radioactive waste (the “**Discharge**”) and strictly complied with emission control standards. In 2021, the radioactive waste management of all 25 generating units in operation managed by us strictly complied with the national laws and regulations, and met the standards of the relevant technical specifications.

The following table sets forth the amounts of the various types of radioactive waste discharged at our NPPs for the period indicated as a percentage of the annual limits approved by the national regulatory authorities. The total amounts of the Discharge from our NPPs were far below the applicable approved national annual 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	
	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 approved national annual limits	0.24%	0.24%	0.39%	0.41%	0.20%	0.30%	0.40%	0.37%	6.24%	4.85%	0.26%	0.15%
Discharged gas radioactive waste (inert gases) as a percentage of the approved national annual limits	0.46%	0.42%	0.19%	0.21%	0.29%	0.30%	0.27%	0.30%	8.67%	2.19%	1.87%	0.14%
Solid radioactive waste (m ³)	166.7	230.3	88.6	102.4	72.2	74.0	63.6	110.4	0	0	92.4	120.0
Results of environmental monitoring	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal

Note: The main reasons for changes in the data include: the refuelling outage plan and maintenance project are different for every unit, the annual discharge limit of Taishan NPP is different from other power stations, and there is no comparability between the power stations.

The national regulatory authorities continuously monitored the time used for absorption (the “**Airabsorbed Rates**”) in the periphery of our nuclear power generating units in operation in the PRC. The monitoring data indicated that the Airabsorbed Rates fell within the fluctuation range of local background radiation levels.

Nuclear power is a clean energy source that contributes to energy saving and emission reduction to the society. Our annual on-grid nuclear power generation in effect represented a reduction of approximately 60.8481 million tons of standard coal consumption, approximately 167.3575 million tons of CO₂ emissions, approximately 32,200 tons of sulphur dioxide emissions, and approximately 36,000 tons of oxynitride emissions.

Nuclear Power Generating Units under Construction

The construction quality of nuclear power generating units under construction is the foundation for the long-term safe and stable 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 as well as various safety, quality and management standards. The quality of all raw materials, equipment and major projects milestones has passed quality inspections by the relevant construction units and national regulatory authorities, only the design standards being met can the next phase of work commence. The process subsists until the project completed commissioning and is handed over to the operating personnel. At the same time, we attach importance to learning from experience feedbacks of domestic and foreign construction of nuclear power generating units, and continuously improving of the safety and quality of construction work.

As at December 31, 2021, among seven nuclear power generating units we constructed, three were in the civil construction phase (all units under construction which were entrusted to the Company by the controlling shareholder of the Company for management), two were in the equipment installation phase and two were in the commissioning phase. Fangchenggang Unit 3 commenced the cold functional test on May 15, 2021 and entered the commissioning phase. Huizhou Unit 1 completed the roof installation on December 24, 2021, and entered the equipment installation phase. Cangnan Unit 2 officially commenced construction on December 30, 2021 and entered the civil construction phase.

We controlled, supervised and managed aspects including the safety, quality, progress, investment, technology and environment of our construction projects with high standards and strict requirements, so as to ensure that the projects under construction complied with various regulatory requirements and standards in terms of safety and quality to facilitate long-term safe, stable and economical operation of the units after commencement of commercial operation.

Nuclear Power Generating Units	Civil Construction Phase ⁽¹⁾	Equipment Installation Phase ⁽²⁾	Commissioning Phase ⁽³⁾	Grid Connection Phase ⁽⁴⁾	Expected Time of Commencement of Operation
<i>From subsidiaries</i>					
Fangchenggang Unit 3			✓		Second half of 2022
Fangchenggang Unit 4		✓			First half of 2024
<i>From associates</i>					
Hongyanhe Unit 6			✓		First half of 2022
<i>From companies which were entrusted by the controlling shareholder for management</i>					
Huizhou Unit 1		✓			2025
Huizhou Unit 2	✓				2026
Cangnan Unit 1	✓				2026
Cangnan Unit 2	✓				2027

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.

Nuclear power generating units may be affected by various factors during the construction process, including delays in delivery, increased costs for major equipment and materials, delays in obtaining regulatory approvals, permits, or licenses, and unexpected engineering, environmental, or geographic issues, as well as implementation of other Chinese nuclear safety regulations and safety requirements, therefore, the actual date of operation may not match the expected date, and we will publish the latest information in a timely manner in accordance with the requirements of relevant rules in case of any change in our production plan.

Fangchenggang Nuclear has completed an evaluation of the risks related to the project construction of the Fangchenggang Unit 3 and Unit 4. After due consideration, the expected date of commencement of operation of Fangchenggang Unit 3 will be the second half of 2022 and the expected date of commencement of operation of Fangchenggang Unit 4 has been adjusted to the first half of 2024. For details, please refer to the announcement of the Company dated January 26, 2022.

SALES OF ELECTRICITY

We sell the electricity generated by our NPPs based on electricity sales contracts. In 2021, the on-grid power generation of our subsidiaries was 163,924.42 GWh. CGN Power Sales Co., Ltd. (中廣核電力銷售有限公司), being our subsidiary, recorded actual electricity consumption of agent clients other than the Group of approximately 436.1 GWh, and the sales revenue of electricity was approximately RMB58,709.2 million in total, representing 72.77% of our operating revenue for the year.

In 2021, the total electricity consumption in the PRC reached 8,312,763.8 GWh, with an increase of 10.34% as compared with 2020. Power supply and demand was tight over certain periods in the second half of 2021, and certain provinces and regions launch plans on orderly power consumption. Nuclear power generating units managed by us actively coordinated with power grid schedules, and fully utilized our advantages as to stability to continue to generate electricity at full load, which fully addresses the power demand in the society. In 2021, the Company continued to implement the power sales strategy of “striving for more shares of planned on-grid power generation, striving for better market power generation and power tariff, striving for development and utilization of incremental market and striving for more shares in power transmission across provinces and regions”, and exceeded its annual power generation plan while improving its overall economic benefits.

In 2021, our nuclear power generating units in operation achieved a total on-grid power generation of 201,150.85 GWh, representing a year-on-year increase of 7.86%, of which the market-based power generation volume accounted for approximately 39.15% of the total on-grid power generation, representing an increase of 5.63 percentage points as compared with 2020.

Guangdong Province: The electricity consumption in the province increased by 13.58% in 2021 over the corresponding period of previous year. The Company's nuclear power generating units in Guangdong province continued to participate in the electricity market in the "full capacity power generation with favorable tariff" model in 2021, in which, Ling'ao Unit 2 and Yangjiang Unit 2 participated in the electricity market transactions with a total of 3,329 GWh. The on-grid power generation of the nuclear power generating units within the Guangdong province increased by 3.96% over the corresponding period of previous year.

Fujian Province: The electricity consumption in the province increased by 14.24% in 2021 over the corresponding period of previous year. In 2021, the on-grid power generation of Ningde Nuclear increased by 8.21% over the corresponding period of previous year.

Guangxi Zhuang Autonomous Region: The electricity consumption in the province increased by 10.22% in 2021 over the corresponding period of previous year. Fangchenggang Nuclear continued to develop the incremental market, and its on-grid power generation in 2021 increased by 7.81% over the corresponding period of previous year.

Liaoning Province: The electricity consumption in the province increased by 6.28% in 2021 over the corresponding period of previous year. With proactive market expansion, Hongyanhe Nuclear entered into larger transactions within the province, and recorded a year-on-year increase in the trading volume of bilateral trades in the province. In 2021, its on-grid power generation increased by 21.46% over the corresponding period of previous year.

In 2021, CGN Power Sales Co., Ltd. (中廣核電力銷售有限公司), being our subsidiary, made vigorous efforts in penetrating and closely tracking situations of electricity market in Guangdong Province, and got involved in market transactions proactively. The actual electricity consumption of our 38 retail agent clients amounted to approximately 2,300 GWh (including agent clients other than the Group).

We paid close attention to the on-grid tariffs of operating units. The Company's on-grid tariffs for operating units are classified into Planned Tariffs and Market-based Tariffs. The Planned Tariffs are approved by the relevant government authorities, and the Market-based Tariffs are formed through market-based transactions. 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》) issued by the Liaoning Provincial Development and Reform Commission. 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. In 2021, the Planned Tariffs of other operating units of the Company remained unchanged. The Market-based Tariffs of the Company in 2021 remained stable as compared with 2020.

As at December 31, 2021, the Planned Tariffs (VAT included) of our nuclear power generating units in operation are as follows:

Nuclear Power Generating Units	Clients	Planned 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 ^{Note}	Guangdong Power Grid Co., Ltd.	0.4350
Hongyanhe Unit 1 to Unit 4	Liaoning Electric Power Co., Ltd.	0.3823
Hongyanhe Unit 5	Liaoning Electric Power Co., Ltd.	0.3749

Note: According to the Notice of the National Development and Reform Commission on the Trial On-Grid Tariffs for the First Batch of Third-Generation Nuclear Power Projects (《國家發展改革委關於三代核電首批項目試行上網電價的通知》) received by the Company on March 27, 2019, (1) the trial on-grid tariffs under the planned power of Taishan Unit 1 and Unit 2 shall be at RMB0.4350/kWh (tax inclusive) and shall take effect from the date of production commencement to the end of 2021; and (2) on the basis of ensuring safety, the power generation plan in related provinces shall be arranged according to the principle of full capacity. Power generation within the utilization hours in the project design shall be executed at government price while power generation beyond the utilization hours shall be executed at market price. According to the relevant notice from the National Development and Reform Commission received by the Company on December 22, 2021, the above policy will continue to be implemented.

SCS MANAGEMENT AND LEAN MANAGEMENT

In 2021, we continued to promote the SCS management strategy, and achieved certain results. For instance, we have established a comprehensive system for managing the total inventory of spare parts, inventory structure, and inventory strategy model. Relying on digital transformation and management optimization, we have achieved an average delivery rate of 97.91% of spare parts used in outages, and a guarantee rate of 100% of key spare parts used in outages. The three-year turnover rate of newly added spare parts in the multi-site plants reached 83%, and the utilization rate of spare parts used in outages in the multi-site plants reached 94%.

In 2021, in the face of complex situations such as the normalization of pandemic prevention and control as well as the overlapping ten-year outages, we continued to promote the strategy of lean production and operation. By optimizing outages arrangement and maintenance strategy, we promoted construction of core capabilities for outages, increased the application of new technologies and new processes, and continued to optimize the cost of outages. For example, when we carried out the fourth outage of Yangjiang Unit 3, we fully implemented the safety production accountability system, strengthened the accountability of the personnel of the smallest operation unit, and implemented transparent safety standards. We quantified the quality standards for maintenance, strengthened three-level quality control management in outages activities, and set high goals for key tasks. Our outages period has set a record for the shortest annual outages period for CPR1000 series units in the PRC.

(III) FUTURE OUTLOOK

Against the national backdrop of striving to peak carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060, in the “14th Five-Year Plan” and in the medium to long run, the development of the nuclear power industry is and will still be in an important strategic opportunity period. The Company’s development and operation are facing a lot of new requirements and new changes. We will adhere to the nuclear safety culture with “Honesty and Transparency” and the basic principles of “Safety First, Quality Foremost, Pursuit of Excellence” to explore new ideas, actively plan and respond.

During the “14th Five-Year Plan” period, aiming to achieve the 2035 long-term goals, the Company will focus on the five “first-class” goals in respect of safety and quality, construction, technology innovation, operational efficiency and enterprise management. In addition, the Company will strive to strengthen its foundation, expand its competitive edges, remedy its shortcomings, strengthen its weaknesses, as well as facilitate industry development and expansion, thereby achieving higher quality, more efficient, fair, sustainable, and safer development.

In 2022, 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, further strengthen risk control in daily production and health management of major equipment, continue to promote overall excellence in outage management, strengthen the construction of safety culture, implement measures applying new technology to avoid human errors, and enhance industrial safety, fire control and network information security management, in order to guarantee nuclear power safety;
- On 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 6 to commence high quality commercial operation in the first half of 2022, and strive to meet the conditions for commercial operation of Fangchenggang Unit 3 during the year;
- We will ensure the safe and stable operation of all the generating units in operation. We plan to conduct 20 refuelling outages during the year (including one 10-year outage and one initial outage). We will conduct seven refuelling outages in the first quarter, six in the second quarter, five in the third quarter, and two 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. According to the Notice on Doing a Good Job in Electricity Market Annual Transactions in 2022 (《關於做好2022年電力市場年度交易工作的通知》) issued by the Energy Administration of Guangdong Province (廣東省能源局), a total of 10 units of Ling'ao Nuclear, Lingdong Nuclear and Yangjiang Nuclear will take 7,500 hours as the benchmark value, and arrange not more than 11.293 billion kilowatts in total to participate in power market transactions. We will also pay close attention to the electricity market environment in other provinces and regions and adopt targeted marketing strategies, striving to achieve an average utilization hour of generating units in 2022 not less than the average of the average utilization hour of generating units for the last 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 transformation and application of technology innovation results 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 SCS management strategy and lean management and strengthen internal resource coordination and cooperation to strengthen our control on construction cost of units under construction as well as further control on operation and maintenance 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.

HUMAN RESOURCES

The total number of employees of the Group was 18,248 (excluding our associates) as of December 31, 2021. The Group implements remuneration policy that is competitive in the industry, and pays commissions and discretionary bonus to its employees with reference to performance of the Group and individual employees. The total cost of the employees for the year ended December 31, 2021 amounted to approximately RMB10,842.73 million (exclusive of our associates).

The Company has established a long-term share incentive scheme to enhance its attractiveness to key talents and create more value for Shareholders. The H-Share 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 23 to the financial information in this announcement.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended December 31, 2021.

FINAL DIVIDEND AND CLOSURE OF H SHARE REGISTER OF MEMBERS

When considering the dividend distribution ratio in the future, we will take into consideration the business performance of the Company for the year, the future development strategies of the Company and other factors, provided that it shall not be lower than 30% of the net profit attributable to Shareholders for the year, so as to provide Shareholders with stable dividend returns.

The Board and management of the Company have full confidence in the development prospects of nuclear power and the Company's stable operation. The Company will continue to focus on cash dividends and shareholder returns. The Dividend Distribution Plan for the Coming Five Years (2021-2025) (《未來五年(2021年—2025年)股東分紅回報規劃》) of the Company was approved at the 2020 annual general meeting of the Company on May 26, 2021. On the premise of no major changes in the business, operating results and financial position of the Group, subject to the approval at the general meeting in the relevant year, the Company will maintain a reasonable increase in the dividend ratio from 2021 to 2025 based on the dividend ratio in 2020.

The Board has proposed to declare a final cash dividend of RMB0.084 (tax inclusive) per share for the year from January 1, 2021 to December 31, 2021 to our Shareholders as of the record date of dividend payment. The ratio of final dividend distribution (total dividend/net profit attributable to shareholders of the parent company*100%) for the year was approximately 43.58%, which has increased as compared with 2020. The distribution of dividends for 2021 shall be subject to the Shareholders' approval at the 2021 annual general meeting of the Company and it is expected to be paid on or around July 7, 2022.

The H share register of members of the Company will be closed from June 2, 2022 (Thursday) to June 7, 2022 (Tuesday) (both days inclusive) to determine H share Shareholders' entitlement to the final dividend. In order to qualify for the final dividend as H share Shareholders, all the transfer documents of the Company accompanied by relevant share certificates, must be lodged to Computershare Hong Kong Investor Services Limited, the share registrar for H shares at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong ("**H Share Registrar**") no later than 4:30 p.m. on June 1, 2022 (Wednesday). For details of the distribution of the final dividend of the Company, please refer to the relevant circular to be issued by the Company in due course.

EXCHANGE RATE

For the year ended December 31, 2021, the Group has not suffered any major difficulties of or impacts on its operations or liquidity due to exchange rate fluctuations. For the risk of exchange rate fluctuations of the Company, we have been adhering to the principle of prudence, conducting timely debt hedging and risk prevention arrangements to reduce the impact of financial market volatility on the Company's operating costs, expected earnings and cash flow.

SUBSEQUENT EVENT

There was no occurrence of events that had a significant impact on the Group's operation, financial and trading prospects from January 1, 2022 to the date of this announcement.

ANNUAL GENERAL MEETING AND CLOSURE OF H SHARE REGISTER OF MEMBERS

The Company intends to convene the 2021 annual general meeting on May 27, 2022. The H share register of members of the Company will be closed from April 27, 2022 (Wednesday) to May 27, 2022 (Friday) (both days inclusive) to determine H share Shareholders' entitlement to attend and vote at the annual general meeting. In order to be entitled to attend and vote at the annual general meeting as H share Shareholders, all the transfer documents of the Company accompanied by relevant share certificates, must be lodged to the H Share Registrar no later than 4:30 p.m. on April 26, 2022 (Tuesday). For the exact date in relation to the closure of share register of members, please refer to the circular of the 2021 annual general meeting to be issued by the Company in due course.

For the matters to be considered and approved at the 2021 annual general meeting and the specific arrangements of the 2021 annual general meeting, please refer to the circular of the 2021 annual general meeting to be issued by the Company in due course at a later date.

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 Part 2 of the Corporate Governance Code (the "**Stock Exchange Codes**") contained in Appendix 14 to the Listing Rules.

From January 1, 2021 to December 31, 2021, the Company had complied with the all code provisions contained in Part 2 of the Stock Exchange Codes.

According to the features of the industry, we have established the nuclear safety committee under the Board, which enables us to enhance the supervision on nuclear safety and management for the Company. The nomination committee of the Board has established the board diversity policy with indicators, set up the standards of the board composition. We set up early schedules for the Board meetings, specialized committee meetings, supervisory board meetings, trainings for Supervisors and inspection planning throughout the year, reporting the information on operation and production of the Company to the Board in a regular manner.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has formulated and adopted the Code for Securities Transactions by Directors and Specified Individuals, and has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Company by all Directors. 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 Model Code throughout the Reporting Period.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has established 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. The Terms of Reference for the Audit and Risk Management Committee under the Board of Directors of CGN Power Co., Ltd. were prepared according to the relevant requirements of the Articles of Association of CGN Power Co., Ltd., 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 at the date of this announcement, the Audit and Risk Management Committee comprises one non-executive Director (Mr. Gu Jian) and two independent non-executive Directors (Mr. Yang Jiayi and Mr. Tang Chi Cheung). Mr. Yang Jiayi, who possesses professional accounting qualification, acts as the chairman of the Audit and Risk Management Committee.

The Audit and Risk Management Committee has reviewed the 2021 annual results and the consolidated financial statements for the year ended December 31, 2021 of the Group prepared in accordance with the CASBE.

AUDITORS

KPMG Hauzhen LLP has audited the consolidated financial statements for the year ended December 31, 2021 prepared by the Company in accordance with the CASBE, and issued an unqualified audit opinion.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

The Company will despatch to the Shareholders in due course the 2021 Annual Report containing all the information required under the Listing Rules, 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, March 17, 2022

As at the date of this announcement, the Board of the Company comprises Mr. Gao Ligang and Mr. Jiang Dajin as executive Directors; Mr. Yang Changli, Mr. Shi Bing, Mr. Wang Hongjun 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.